

DUQUESNE LIGHT COMPANY

H. Rate of Return

15. State what coverage requirements or capital structure ratios are required in the most restrictive of applicable indentures/charter tests and how these measures have been computed.

Response:

Duquesne's indenture coverage requirements are contained in the Indenture of Mortgage and Deed of Trust dated as of April 1, 1992 ("FMB Indenture"). The FMB Indenture does not contain capital structure ratios. The debt issuance test in the FMB Indenture requires the delivery of a net earnings certificate documenting at least a two-times coverage of total annual interest expense. The coverage requirements are contained in Section 401 of the FMB Indenture attached as pages 2 - 5 of this item. The computation of the coverage ratio is contained in Section 103 of the FMB Indenture attached as pages 6 to 10 of this item. A sample calculation of the coverage ratio is attached as page 11 of this item.

The Restated Articles of Duquesne Light Company, contained on pages 12 to 164 of this item, describe requirements with respect to preferred stock coverage, unsecured indebtedness, preference stock, common stock, dividends, etc. Restated articles have been amended from time to time, but the amendments do not affect the requirements with respect to coverage requirements.

The Beaver Valley 2 Sale/Leaseback Reimbursement Agreement, contains covenants for minimum equity, minimum cash coverage ratio, and minimum net worth. The covenants in that agreement reflect the most restrictive coverage ratios/capital structure ratios of all Duquesne's financial agreements. Page 166 of this item contains a table of various agreements that have financial covenants, including the Sale/Leaseback Agreement. Pages 167-69 of this item also contains calculations of the minimum equity, minimum cash coverage ratio, and minimum net worth for the quarter ended 3/31/97. The Beaver Valley 2 Sale/Leaseback Reimbursement Agreement stipulates a minimum equity requirement of not less than 31% of capitalization, a minimum cash coverage ratio of at least 1.5 to 1 and a minimum net worth of not less than \$825,000,000.

SECTION 401. General.

Subject to the provisions of Section 402, 403, 404 or 405, whichever may be applicable, the Trustee shall authenticate and deliver Securities of a series, for original issue, at one time or from time to time in accordance with the Company Order referred to below, upon receipt by the Trustee of:

(a) an indenture supplemental hereto establishing such series;

(b) a Company Order requesting the authentication and delivery of such Securities and, to the extent that the terms of such Securities shall not have been established in the indenture supplemental hereto which established such series or in a Board Resolution or in an Officer's Certificate pursuant to such supplemental indenture or Board Resolution, all as contemplated by Section 301, either establishing such terms or, in the case of Securities of a series subject to a Periodic Offering, specifying procedures, acceptable to the Trustee, by which such terms are to be established (which procedures may provide for authentication and delivery pursuant to oral or electronic instructions from the Company or any agent or agents thereof, which oral instructions are to be promptly confirmed electronically or in writing);

(c) the Securities of such series or Tranche, executed on behalf of the Company by an Authorized Executive Officer or any other duly authorized officer;

(d) a Net Earnings Certificate showing the Adjusted Net Earnings of the Company for the period therein specified to have been not less than an amount equal to twice the Annual Interest Requirements therein specified, all in accordance with the provisions of Section 103; provided, however, that the Trustee shall not be entitled to receive a Net Earnings Certificate hereunder if the Securities of such series are to have no Stated Interest Rate prior to Maturity; and provided, further, that, with respect to Securities of a series subject to a Periodic Offering, other than Securities theretofore authenticated and delivered, (i) it shall be assumed in such Net Earnings Certificate that none of such Securities shall have a Stated Interest Rate in excess of a maximum rate to be stated therein, and no Securities which would have a Stated Interest Rate at the time of the initial authentication and delivery thereof in excess of such maximum rate shall be authenticated and delivered under the authority of such Net Earnings Certificate and (ii) the Trustee shall be entitled to receive such Net Earnings Certificate only once, at or prior to the time of the first authentication and delivery of the Securities of such series;

(e) an Opinion of Counsel to the effect that:

(i) the forms of such Securities have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture;

(ii) the terms of such Securities have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture; and

(iii) such Securities, when authenticated and delivered by the Trustee and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by this Indenture, and enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of mortgagees' and other creditors' rights and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law);

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication and delivery of Securities of such series and that the opinions described in clauses (ii) and (iii) above may state, respectively,

Section 401

-42-

(x) that, when the terms of such Securities shall have been established pursuant to a Company Order or Orders or pursuant to such procedures as may be specified from time to time by a Company Order or Orders, all as contemplated by and in accordance with the indenture supplemental hereto delivered pursuant to clause (a) above, such terms will have been duly authorized by the Company and will have been established in conformity with the provisions of this Indenture; and

(y) that such Securities, when authenticated and delivered by the Trustee in accordance with this Indenture and the Company Order or Orders or the specified procedures referred to in paragraph (x) above and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by this Indenture, and enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of mortgagees' and other creditors' rights and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(f) an Officer's Certificate to the effect that, to the knowledge of the signer, no Event of Default, or event which with lapse of time would constitute an Event of Default, has occurred and is continuing; provided, however, that with respect to Securities of a series subject to a Periodic Offering, either (i) such an Officer's Certificate shall be delivered at the time of the authentication and delivery of each Security of such series or (ii) the Officer's Certificate delivered at the time of the first authentication and delivery of the Securities of such series shall state that the statements therein shall be deemed to be made at the time of each subsequent authentication and delivery of Securities of such series; and

(g) such other Opinions of Counsel, certificates and other documents as may be required under Section 402, 403, 404 or 405, whichever may be applicable to the authentication and delivery of the Securities of such series.

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the forms and terms thereof, the legality, validity, binding effect and enforceability thereof and the compliance of the authentication and delivery thereof with the terms and conditions of this Indenture, upon the Opinion or Opinions of Counsel and the certificates and other documents delivered pursuant to this Article Four at or prior to the time of the first authentication and delivery of Securities of such series until any of such opinions, certificates or other documents have been superseded or revoked or expire by their terms. In connection with the authentication

and delivery of Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Securities do not violate any laws with respect to, or any rules, regulations or orders of, any governmental agency or commission having jurisdiction over the Company.

SECTION 103. Net Earnings Certificate; Adjusted Net Earnings; Annual Interest Requirements.

"Net Earnings Certificate" means a certificate signed by an Authorized Executive Officer and an accountant, who unless required to be Independent, may be an officer or employee of the Company, stating:

- (a) the "Adjusted Net Earnings" of the Company for a period of twelve (12) consecutive calendar months within the eighteen (18) calendar months

immediately preceding the first day of the month in which the Company Order requesting the authentication and delivery under this Indenture of Securities is delivered to the Trustee, specifying:

(i) its operating revenues (which may include revenues of the Company subject when collected or accrued to possible refund at a future date) with the principal divisions thereof;

(ii) its operating expenses, with the principal divisions thereof, including, without limitation, (A) expenses and accruals for repairs and maintenance, (B) expenses for taxes (other than income, profits and other taxes measured by, or dependent on, net income), (C) assessments, (D) rentals and (E) insurance, but excluding (W) provisions for reserves for renewals, replacements, depreciation, depletion or retirement of property (or any expenditures therefor), or provisions for amortization of property, (X) expenses or provisions for interest on any indebtedness of the Company, for the amortization of debt discount, premium, expense or loss on reacquired debt, for any maintenance and replacement, improvement or sinking fund or other device for the retirement of any indebtedness, or for other amortization, (Y) expenses or provisions for any non-recurring charge to income of whatever kind or nature (including without limitation the recognition of expense due to the non-recoverability of investment), whether or not recorded as an extraordinary item in the Company's books of account, and (Z) provisions for any refund of revenues previously collected or accrued by the Company subject to possible refund;

(iii) the amount remaining after deducting the amount required to be stated in such certificate by clause (ii) above from the amount required to be stated therein by clause (i) above;

(iv) its rental revenues (net of expenses not included in clause (ii) above);

(v) the sum of the amounts required to be stated in such certificate by clauses (iii) and (iv) above;

(vi) its other income, which amount may include any portion of the allowance for funds used during construction (or any analogous amount) which is not included in "other income" (or any analogous item) in the Company's books of account;

(vii) the sum of the amounts required to be stated in such certificate by clauses (v) and (vi) above;

(viii) the amount, if any, by which the aggregate of (A) such other income and (B) that portion of the amount required to be stated in such certificate by clause (v) above which, in the opinion of the signers, is directly derived from the operations of property (other than paving, grading and other improvements to, under or upon public highways, bridges, parks or other public properties of analogous character) not subject to the Lien of this Indenture at the date of such certificate, exceeds twenty per centum (20%) of the sum required to be stated by clause (vii) above; provided, however, if the amount required to be stated in such certificate by clause (v) above includes revenues from the operation of property not subject to the Lien of this Indenture, there shall be included in the calculation to be made pursuant to this clause (viii) such reasonable interdepartmental or interproperty revenues and expenses between the Mortgaged Property and the property not subject to the Lien hereof as shall be allocated to such respective properties by the Company; and

(ix) the Adjusted Net Earnings of the Company for such period of twelve (12) consecutive calendar months (being the amount remaining after deducting in such certificate the amount required to be stated by clause (viii) above from the sum required to be stated by clause (vii) above; and

(b) the "Annual Interest Requirements", being the interest requirements for one year, at the respective Stated Interest Rates, if any, borne prior to Maturity, upon:

(i) all Securities Outstanding hereunder at the date of such certificate, except any for the payment or redemption of which the Securities applied for are to be issued; provided, however, that, if Outstanding Securities of any series bear interest at a variable rate or rates, then the interest requirement on the Securities of such series shall be determined by reference to the rate or rates in effect on the date next preceding the date of such certificate;

(ii) all Securities then applied for in pending applications for new Securities, including the application in connection with which such certificate is made; provided, however, that if Securities of any series are to bear interest at a variable rate or rates, then the interest requirement on the Securities of such series shall be determined by reference to the rate or rates to be in effect at the time of the initial authentication and delivery of such Securities; and provided, further, that the determination of the interest requirement on Securities of a series subject to a Periodic Offering shall be further subject to the provisions of Section 401(d);

(iii) all Class "A" Bonds Outstanding under Class "A" Mortgages at the date of such certificate, except any held hereunder and except any for the payment or redemption of which the Securities applied for are to be issued; provided, however, that, if the Outstanding Class "A" Bonds of any series bear interest at a variable rate or rates, then the interest requirement on the Class "A" Bonds of such series shall be determined by reference to the rate or rates in effect on the date next preceding the date of such certificate; and

(iv) the principal amount of all other indebtedness (except (A) Class "A" Bonds held hereunder, (B) industrial development revenue bonds issued with respect to air and water pollution control and sewage and solid waste disposal facilities of the Company which remain outstanding on the date hereof and (C) indebtedness for the payment of which the Securities applied for are to be issued and indebtedness secured by a Prepaid Lien prior to the Lien of this Indenture upon property subject to the Lien of this Indenture), outstanding on the date of such certificate and secured by Lien prior to the Lien of this Indenture upon property subject to the Lien of this Indenture, if such indebtedness has been issued, assumed or guaranteed by the Company or if the Company customarily pays the interest upon the principal thereof; provided, however, that if any such indebtedness bears interest at a variable rate or rates, then the interest requirement on such indebtedness shall be determined by reference to the rate or rates in effect on the date next preceding the date of such certificate.

Notwithstanding anything herein to the contrary, neither profits nor losses from the sale or other disposition of property, nor extraordinary items of any kind or nature, whether items of revenue or expense, shall be included in calculating Adjusted Net Earnings in accordance with clause (a) above.

If any of the property of the Company owned by it at the time of the making of any Net Earnings Certificate (a) shall have been acquired during or after any period for which Adjusted Net Earnings of the Company are to be computed, (b) shall not have been acquired in exchange or substitution for property the net earnings of which have been included in the Adjusted Net Earnings of the Company and (c) had been operated as a separate unit and items of revenue and expense attributable thereto are readily ascertainable, then the net earnings of such property (computed in the manner in this Section provided for the computation of the Adjusted Net Earnings of the Company) during such period or such part of such period as shall have preceded the acquisition thereof, to the extent that the same have not otherwise been included in the Adjusted Net Earnings of the Company, shall be so included.

In any case where a Net Earnings Certificate is required as a condition precedent to the authentication and delivery of Securities, such certificate shall also be made and signed by an Independent public accountant, if the aggregate principal amount of Securities then applied for plus the aggregate principal amount of Securities authenticated and delivered hereunder since the commencement of the then current calendar year (other than those with respect to which a Net Earnings Certificate is not required, or with respect to which a Net Earnings Certificate made and signed by an Independent public accountant has previously been furnished to the Trustee) is ten per centum (10%) or more of the sum of (a) the principal amount of the Securities at the time Outstanding and (b) the principal amount of the Class "A" Bonds at the time Outstanding other than Class "A" Bonds delivered to and held by the Trustee hereunder; but no Net Earnings Certificate need be made and signed by any person other than an Authorized Executive Officer of the Company and an accountant, as to dates or periods not covered by annual reports required to be filed by the Company, in the case of conditions precedent which depend upon a state of facts as of a date or dates or for a period or periods different from that required to be covered by such annual reports.

DUQUESNE LIGHT COMPANY
SAMPLE COVERAGE CALCULATION

Item No. H-15
Page 11 of 169

CALCULATION OF EARNINGS APPLICABLE TO INTEREST ON FIRST MORTGAGE BONDS FOR THE TWELVE MONTHS ENDED

30-Dec-96

(i) OPERATING REVENUES

Sales of Electric Energy	1,144,798,770	
Other Electric Revenue	38,085,376	
TOTAL OPERATING REVENUES		1,182,884,146

(ii) OPERATING EXPENSES

Repairs and Maintenance	78,386,090	
Taxes Other Than Income Taxes	84,569,688	
Other Operating Exps (excluding depr & amort)	496,542,757	
TOTAL OPERATING EXPENSES		659,498,535

(iii) Amount remaining after deducting (ii) from (i)		523,385,611
(iv) Rental revenues		57,428
(v) Sum of (iii) and (iv)		523,443,039
(vi) Other income		19,849,005
(vii) Sum of (v) and (vi)		543,292,044

ANNUAL INTEREST REQUIREMENTS:

0: New First Mortgage Bonds at	8.0%	0
--------------------------------	------	---

Upon all securities outstanding under the Mortgage at the date of this certificate

100,000,000	<i>duc</i>	15-May-2022	<i>at</i>	8.750%	8,750,000
93,000,000		15-May-2024		8.375%	7,788,750
10,000,000		15-Nov-2022		8.200%	820,000
100,000,000		15-Apr-2023		7.625%	7,625,000
100,000,000		15-Jun-2025		7.550%	7,550,000
30,000,000		15-May-2003		6.700%	2,010,000
25,000,000		15-May-2003		6.700%	1,675,000
45,000,000		01-Apr-2003		6.650%	2,992,500
100,000,000		15-Jun-2004		6.625%	6,625,000
5,000,000		15-Nov-98		6.550%	327,500
45,000,000		01-Mar-2000		6.450%	2,902,500
15,000,000		15-Nov-97		6.300%	945,000
35,000,000		12-Feb-98		6.150%	2,152,500
55,000,000		10-May-2000		6.100%	3,355,000
30,000,000		15-Nov-97		6.000%	1,800,000
5,000,000		01-Jul-99		5.900%	295,000
75,000,000		15-Nov-97		5.900%	4,425,000
35,000,000		01-Jan-98		5.850%	2,047,500
47,925,000 *		01-Sep-2011		0.000%	0
25,000,000 *		01-Sep-2030		0.000%	0
75,500,000 *		01-Oct-2029		0.000%	0
20,500,000 *		01-Oct-2027		0.000%	0
1,071,925,000					64,086,250

Upon the principal amount of all other indebtedness outstanding at this date and secured by a lien prior to the Lien of the Mortgage upon property subject to the Lien of the Mortgage 0

TOTAL ANNUAL INTEREST REQUIREMENTS 64,086,250

TWICE ANNUAL INTEREST REQUIREMENTS 128,172,500

RATIO OF EARNINGS TO INTEREST REQUIREMENTS 8.48

* Pollution Control Revenue Mirror Bonds

Microfilm Number _____

Filed with the Department of State on FEB 15 1996

Entity Number 00616

[Signature]
Secretary of the Commonwealth

STATEMENT OF CHANGE OF REGISTERED OFFICE
DSCB:15-150714144/550716144/5506 (Rev 00)

Indicate type of entity (check one):

- Domestic Business Corporation (15 Pa.C.S. § 1507)
- Foreign Nonprofit Corporation (15 Pa.C.S. § 6144)
- Foreign Business Corporation (15 Pa.C.S. § 4144)
- Domestic Limited Partnership (15 Pa.C.S. § 8506)
- Domestic Nonprofit Corporation (15 Pa.C.S. § 5507)

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) the undersigned corporation or limited partnership, desiring to effect a change of registered office, hereby states that:

1. The name of the Corporation or limited partnership is: Duquesne Light Company

2. The (a) address of this corporation's or limited partnership's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) <u>One Oxford Centre, 301 Grant Street</u>	<u>Pittsburgh</u>	<u>PA</u>	<u>15279</u>	<u>Allegheny</u>
<small>Number and Street</small>	<small>City</small>	<small>State</small>	<small>Zip</small>	<small>County</small>

(b) c/o: _____
Name of Commercial Registered Office Provider County

For a corporation or a limited partnership represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation or limited partnership is located for venue and official publication purposes.

3. (Complete part (a) or (b)):

(a) The address to which the registered office of the corporation or limited partnership in this Commonwealth is to be changed is:

<u>411 Seventh Avenue</u>	<u>Pittsburgh</u>	<u>PA</u>	<u>15219</u>	<u>Allegheny</u>
<small>Number and Street</small>	<small>City</small>	<small>State</small>	<small>Zip</small>	<small>County</small>

(b) The registered office of the corporation or limited partnership shall be provided by:

c/o: _____
Name of Commercial Registered Office Provider County

For a corporation or a limited partnership represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation or limited partnership is located for venue and official publication purposes.

PA DEPT. OF STATE

FEB 15 1996


DSCB:15-15074144/55076144/8506 (Rev 90)-2

4. (Strike out if a limited partnership): Such change was authorized by the Board of Directors of the corporation.

IN TESTIMONY WHEREOF, the undersigned corporation or limited partnership has caused this statement to be signed
by a duly authorized officer thereof this 7th day of February, 19 96.

DUQUESNE LIGHT COMPANY

(Name of Corporation/Limited Partnership)

BY: 
(Signature)

TITLE: Vice President and General Counsel

12/16/01 10:57

102616

DUQUESNE LIGHT COMPANY

Statement with respect to the
Preference Stock, Plan Series A
(Cumulative, \$1 Par Value, \$35.50 Liquidation Price)

In compliance with the requirements of Section 1522 of the Pennsylvania Business Corporation Law of 1988, Duquesne Light Company, a Pennsylvania corporation, certifies under its corporate seal as follows:

- (1) The name of the Company is Duquesne Light Company.
- (2) At a meeting of the Finance Committee of the Board of Directors of the Company duly called and held on December 19, 1991, at which a quorum was present and acting throughout, the Finance Committee adopted the following resolutions establishing and designating the relative rights, preferences, qualifications, privileges, and limitations of a series of Preference Stock of the Company to be known as "Preference Stock, Plan Series A":

RESOLVED, that under the authority expressly vested in the pricing committee (predecessor of this Committee) of the Board of Directors of Duquesne ("Board") by resolution of the Board at its meeting duly called and held on May 22, 1990, at which a quorum was present and acting throughout, and under the authority expressly vested in this Committee of the Board by resolution of the Board at its meeting duly called and held on April 30, 1991, at which a quorum was present and acting throughout, this Committee (i) establishes a series of Preference Stock designated "Preference Stock, Plan Series A" ("New Preference Stock") having the terms and provisions presented to this meeting, such terms and provisions being incorporated into this resolution by reference and deemed to be

12/18/01 16:57

a part of this resolution, (ii) approves the terms and provisions of a series of Duquesne Preference Stock presented to this meeting, and (iii) directs that such terms and provisions be attached to the statement required by Section 1522 of the Pennsylvania Business Corporation Law of 1988 to be filed with the Department of State of the Commonwealth of Pennsylvania with respect to the New Preference Stock; and

RESOLVED FURTHER, that the Vice President-Finance and Chief Financial Officer or Treasurer and the Secretary or any Assistant Secretary of the Company are authorized and empowered to execute, with such changes as they deem necessary, under the corporate seal of the Company and cause to be filed with the Department of State of the Commonwealth of Pennsylvania a statement with respect to the New Preference Stock in accordance with Section 1522 of the Pennsylvania Business Corporation Law of 1988.

(3) The aggregate number of shares of such series established and designated by the Finance Committee of the Board of Directors of the Company is 3,500,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles of the Company.

(4) The resolutions set forth in (2) above were adopted by the Finance Committee of the Board of Directors of the Company on December 19, 1991.

IN WITNESS WHEREOF, Duquesne Light Company has caused this Statement to be executed by its Vice President-Finance and Chief Financial Officer and its corporate seal to be hereunto

12/18/91 10:57

9180-411

affixed and attested by its Secretary this 19th day of December, 1991.

DUQUESNE LIGHT COMPANY

By *Gary L. Schwass*
Gary L. Schwass
Vice President-Finance and
Chief Financial Officer

Attest:

Joan S. Senchysky
Joan S. Senchysky
Assistant Secretary

Filed in the Department of State on the ___ day
of DEC 19 1991, 1991.

Brenda K. Mitchell
ACTING Secretary of the Commonwealth

3185- 941

DUQUESNE LIGHT COMPANY
PREFERENCE STOCK, PLAN SERIES A

Section 1. Designation and Amount; Special Purpose Issue.

(A) The shares of this series of Preference Stock shall be designated as "Preference Stock, Plan Series A" and the number of shares constituting such series shall be three million five hundred thousand (3,500,000) (such series being hereinafter called the "Series A Preference Stock"); provided, however, that the Board of Directors shall, to the extent not prohibited by applicable law, have the power to (i) increase the number of shares constituting the Series A Preference Stock to a number not greater than the number of shares of the Preference Stock then authorized and unissued and (ii) decrease the number of shares constituting the Series A Preference Stock to a number not less than the number of shares of such series then outstanding, and any such increase or decrease may be effected without the consent or approval of the holders of the shares of Series A Preference Stock or any other capital stock then outstanding unless such consent or approval shall be specifically required by applicable law.

(B) The shares of Series A Preference Stock shall be issued to one or more trustees each of which shall be acting on behalf of an employee stock ownership plan or other employee benefit plan of the Corporation or any Affiliate of the Corporation (any such employee stock ownership plan or other employee benefit plan of the Corporation or such Affiliate, as the same may be amended from time to time, being hereinafter sometimes called a "Plan"). Any transfer of shares of Series A Preference Stock, including a distribution to participants in a Plan and whether or not registered on the books of the Corporation, to any person other than the Corporation or the trustee of a Plan shall be deemed to constitute an irrevocable election by the transferee to exchange such shares for shares of DQE Common Stock as provided in Section 4, notwithstanding the nondelivery to the Corporation of the certificates representing such shares of Series A Preference Stock or a notice of exchange, and, upon such transfer and without further act by the

-2-

Corporation, the transferee shall have the right to receive a certificate or certificates for shares of DQE Common Stock as provided in, and subject to the conditions of, Section 4 but shall not have any of the preferences, limitations, voting rights and special rights ascribed to shares of Series A Preference Stock hereunder. The pledge of Series A Preference Stock as collateral under any credit agreement for the financing or refinancing of the purchase of the Series A Preference Stock for the benefit of a Plan shall not constitute a transfer for purposes of this Section 1. Certificates representing shares of Series A Preference Stock shall be legended to reflect the foregoing provisions of this Section 1(B). Notwithstanding the foregoing provisions of this Section 1(B), shares of Series A Preference Stock (i) may be exchanged for shares of DQE Common Stock as otherwise provided in Section 4 hereof and (ii) shall be redeemable by the Corporation upon the terms and conditions provided in Sections 5, 6 and 7 hereof.

Section 2. Dividends.

Subject to the provisions for adjustment hereinafter set forth, the dividend rate on the Series A Preference Stock shall be \$2.80 per share per annum, payable quarterly, and the dates for the payment of dividends on the Series A Preference Stock shall be the first Business Day of January, April, July and October of each year (each a "Dividend Payment Date") commencing January 2, 1992, such dividend to be paid to the holders of record on the related Record Date; provided, however, that if, as of a given Dividend Payment Date after January 2, 1992, \$.70 is less than the amount determined by (A) multiplying

- (1) the amount of each cash dividend or other distribution per share of DQE Common Stock the Record Date for which occurred during the period commencing on the immediately preceding Dividend Payment Date and ending on the day next preceding such Dividend Payment Date, excluding, however, from the operation of this clause (i) any dividend or distribution which (x) constituted an Extraordinary Distribution or (y) was otherwise previously included in an Extraordinary Distribution Adjustment Amount, by

-3-

- (ii) the number of shares of DQE Common Stock for which each share of Series A Preference Stock was exchangeable as of the Record Date for such dividend or distribution

and (B) taking the sum of the products resulting from such multiplications, then the dividend per share of Series A Preference Stock payable on such Dividend Payment Date shall be an amount equal to such sum (any such dividend being hereinafter called a "DQE Common Stock Equivalent Dividend"); and provided, further, that the Corporation may, subject to the immediately preceding proviso, pay, at any time or times during the period from and including the Record Date with respect to any Dividend Payment Date to and including such Dividend Payment Date, all or any portion of the dividend otherwise payable on such Dividend Payment Date to the holders of record as of such Record Date. Dividends on the Series A Preference Stock shall begin to accrue and be cumulative from the date of the initial issuance of shares of such series. Dividends accrued on the Series A Preference Stock for any period less than a full quarterly period shall be computed on the basis of a 360-day year of twelve 30-day months, and shall be calculated based upon the dividend rate in effect during the quarterly period ended on the next preceding Dividend Payment Date.

Section 3. Liquidation, Dissolution or Winding-Up.

The liquidation value for the Series A Preference Stock shall be \$ 35.50 per share, whether the transaction giving rise to the payment of such liquidation price shall be voluntary or involuntary (such amount being hereinafter called the "Liquidation Price").

Section 4. Exchange for DQE Common Stock.

(A) A holder of shares of Series A Preference Stock shall be entitled, at any time prior to the close of business on the date, if any, fixed for redemption of such shares pursuant to Section 5, 6, or 7 hereof, to cause any or all of such shares to be exchanged for shares of DQE Common Stock, initially at an exchange ratio equal to one (1) share of DQE Common Stock for each share of Series A Preference Stock, which exchange ratio shall be adjusted as hereinafter provided (such exchange ratio, as so adjusted, rounded to the nearest thousandth, being hereinafter sometimes referred to as the "Exchange Ratio").

-4-

(B) Any holder of shares of Series A Preference Stock desiring to exchange such shares for shares of DQE Common Stock shall surrender the certificate or certificates representing the shares of Series A Preference Stock being exchanged, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or such office or offices in the continental United States of an agent for exchange as may from time to time be designated by notice to the holders of Series A Preference Stock, accompanied by written notice of exchange. Such notice of exchange shall specify (i) the number of shares of Series A Preference Stock to be exchanged and the name or names in which the holder giving such notice wishes the certificate or certificates for DQE Common Stock, and for any shares of Series A Preference Stock not to be so exchanged, to be registered and (ii) the address to which such holder wishes delivery to be made of such new certificates to be delivered upon such exchange.

(C) Upon surrender of a certificate representing a share or shares of Series A Preference Stock for exchange, the Corporation or the exchange agent, if any, shall cause to be delivered by hand (with receipt to be acknowledged) or by first class mail, postage prepaid, to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of DQE Common Stock to which such holder shall be entitled upon such exchange. In the event that there shall have been surrendered a certificate or certificates representing shares of Series A Preference Stock, only part of which are to be exchanged, the Corporation or the exchange agent, if any, shall similarly cause to be delivered to such holder or such holder's designee a new certificate or certificates representing the number of shares of Series A Preference Stock which shall not have been exchanged.

(D) The exchange of shares of Series A Preference Stock for shares of DQE Common Stock made at the option of the holder thereof shall be deemed to be effective as of the earlier of (i) the delivery to such holder or such holder's designee of the certificates representing the shares of DQE Common Stock delivered upon such exchange and (ii) the commencement of business, at the principal executive office of the Corporation, on the second Business Day after the surrender of the certificate or certificates for the shares of Series A Preference Stock to be exchanged in accordance with the provisions of subsection (B) of this Section 4. At and after the time

-5-

at which an exchange becomes effective, (i) the person or persons entitled to receive the DQE Common Stock deliverable upon such exchange shall, as between the Corporation and such person or persons, be deemed to be the record holder or holders of such shares of DQE Common Stock, no allowance or adjustment to be made in respect of dividends or other distributions payable to holders of DQE Common Stock in respect of any period prior to such time of effectiveness and (ii) such person or persons shall not have any of the preferences, limitations, voting rights and special rights ascribed to shares of Series A Preference Stock hereunder.

(E) The Corporation may, but shall not be obligated to, deliver to holders of Series A Preference Stock a fractional share or shares of DQE Common Stock deliverable upon any exchange of shares of Series A Preference Stock. If the Corporation shall elect not to deliver a fractional share or shares, the Corporation shall either (i) make a cash payment in an amount equal to the Fair Market Value of such fractional share or shares of DQE Common Stock or (ii) deliver scrip or other evidence of ownership in such form and upon such terms and conditions as the Corporation shall deem advisable and as shall be required or permitted by applicable law.

(F) Anything herein to the contrary notwithstanding, upon the exchange of shares of Series A Preference Stock as contemplated herein, the Corporation shall have the right to elect to deliver, or cause to be delivered, either (i) authorized but previously unissued, or previously issued but not then outstanding, shares of DQE Common Stock upon acquisition thereof from DQE or (ii) authorized, previously issued and then outstanding shares of DQE Common Stock upon acquisition thereof other than from DQE.

(G) If, at the time of any exchange of shares of Series A Preference Stock as contemplated by this Section 4, there shall be in effect any shareholder rights plan pursuant to which DQE shall have undertaken to issue to holders of DQE Common Stock rights to acquire securities of DQE, the Corporation shall, upon such exchange, deliver to the holder or holders of the shares of DQE Common Stock for which such shares of Series A Preference Stock shall have been exchanged all rights appurtenant to such shares of DQE Common Stock to the extent such rights shall be separately tradeable.

(H) The Corporation shall purchase or otherwise acquire shares of DQE Common Stock, either from DQE or in

the open market or otherwise, or a combination thereof, at such time or times and in such number or numbers as shall be necessary in order to enable the Corporation to deliver shares of DOE Common Stock pursuant to this Section 4, all subject, however, to Section 7(D).

Section 5. Redemption At the Option of the Corporation.

(A) The Series A Preference Stock shall be redeemable, in whole or in part, at the option of the Corporation (i) at any time on or after 12/19/99 and (ii) if permitted by subsection (B) or (C) of this Section 5, at any time prior to 12/19/99, at the following percentages of the Liquidation Price:

<u>If Redeemed</u> <u>During the Twelve-</u> <u>Month Period</u> <u>Beginning December 19,</u>	<u>Percentage of</u> <u>Liquidation Price</u>
1991	107.90
1992	107.11
1993	106.32
1994	105.53
1995	104.74
1996	103.95
1997	103.16
1998	102.37
1999	101.58
2000	100.79

and thereafter at 100% of the Liquidation Price, plus, in each case, an amount equal to all dividends accrued or in arrears thereon to the date fixed as the date of redemption.

This paragraph is intentionally deleted

~~(B) Notwithstanding anything to the contrary in subsection (A) of this Section 5, the Corporation may elect to redeem any or all of the shares of Series A Preference Stock at any time prior to _____ on the terms set forth in subsection (A) of this Section 5, if the Current Market Price of DOE Common Stock for each of at least twenty (20) trading days within a period of thirty (30) consecutive trading days ending on or after the fifth (5th) Business Day prior to the date the notice of redemption is given equals or exceeds one hundred fifty percent (150%) of an amount equal to (x) the liquidation price divided by (y) the Exchange Ratio in effect on such day.~~

-7-

(C) Notwithstanding anything to the contrary in subsection (A) of this Section 5, if a Plan pursuant to which shares of Series A Preference Stock are then held by a trustee shall have been terminated, the Corporation may elect to redeem any or all of such shares at any time prior to 12/19/99 on the terms set forth in subsection (A) of this Section 5.

(D) Anything herein to the contrary notwithstanding, if any shares of Series A Preference Stock called for redemption shall have been (i) exchanged for shares of DOE Common Stock in accordance with Section 4 or (ii) redeemed with the redemption price being paid, in whole or in part, in shares of DOE Common Stock in accordance with subsection (E) of this Section 5, then, in either case, there shall be paid over to the Corporation and/or returned to its general funds all money which, in connection with such redemption, shall have been set aside by the Corporation or deposited with a transfer or redemption agent and which shall be in excess of the amount, if any, payable to the holders of such shares of Series A Preference Stock pursuant to subsection (A) of this Section 5.

(E) Anything herein to the contrary notwithstanding, the Corporation, at its option, may make payment of the redemption price required upon redemption of shares of Series A Preference Stock pursuant to this Section 5 or subsections (A) and (B) of Section 6 hereof in cash or in shares of DOE Common Stock, or in a combination of such shares and cash, any such shares of DOE Common Stock to be valued for such purpose at their Fair Market Value determined as of the date of redemption.

Section 6. Other Redemption Rights.

(A) Notwithstanding anything to the contrary in subsection (A) of Section 5, if

(i) there shall have been a change in the federal income tax laws of the United States of America or a determination by a court of competent jurisdiction, which, in either case, has the effect of terminating or materially reducing the deductibility for federal income tax purposes of dividends paid on any shares of Series A Preference Stock when such dividends are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), as in effect on the date shares of Series A Preference Stock are initially issued, or

- 8 -

(ii) a Plan pursuant to which shares of Series A Preference Stock are then held by a trustee shall have been determined by the Internal Revenue Service not to be qualified within the meaning of Section 401(a) or Section 4975(e)(7), whichever may be applicable, of the Code,

the Corporation may elect to redeem any or all of such shares of Series A Preference Stock at a redemption price equal to the Liquidation Price plus an amount equal to all dividends accrued or in arrears thereon to the date fixed as the date of redemption; provided, however, that the notice of any such redemption shall be given on or prior to the first day which is nine months after the later of (x) the date of the enactment of such change, the date of such determination or the date of issuance of such regulations, as the case may be, and (y) the effective date of such change, determination or regulations, as the case may be.

(B) Subject to any restriction of applicable law, each share of Series A Preference Stock shall be redeemed by the Corporation for cash or, if the Corporation so elects, in shares of DOE Common Stock, or a combination of such shares and cash (any such shares of DOE Common Stock to be valued for such purpose in accordance with the provisions of Section 5(E)), at a redemption price equal to the Liquidation Price plus an amount equal to all dividends accrued or in arrears thereon to the date fixed as the date of redemption, such redemption to be effected at the option of the holder in the event that the Plan as to which such holder acts as trustee is not determined by the Internal Revenue Service to be qualified within the meaning of Section 401(a) or Section 4975(e)(7), whichever may be applicable, of the Code.

(C) Subject to any restriction of applicable law, each share of Series A Preference Stock shall be redeemed by the Corporation for cash or, if the Corporation so elects, in shares of DOE Common Stock, or a combination of such shares and cash (any such shares of DOE Common Stock to be valued for such purpose at their Fair Market Value on the next preceding Appraisal Date), at a redemption price equal to the greater of (a) the Liquidation Price plus an amount equal to all dividends

accrued or in arrears thereon to the next preceding Appraisal Date and (b) an amount equal to the aggregate Fair Market Value of the number of shares of DQE Common Stock for which each share of Series A Preference Stock could have been exchanged on the next preceding Appraisal Date, such redemption to be effected at the option of the holder when and to the extent necessary for such holder to provide for distributions required to be made under, or to satisfy an investment election provided to participants in accordance with, the Plan as to which such holder acts as trustee.

Section 7. Merger, Consolidation, Other Combination, etc.

(A) If DQE shall consummate any merger, consolidation, share exchange or similar business combination transaction, pursuant to which the outstanding shares of DQE Common Stock are exchanged solely for, or changed, reclassified or converted solely into, stock of any successor or resulting company (including DQE or the Corporation) that constitutes "qualifying employer securities" with respect to a holder of Series A Preference Stock within the meaning of Section 409(1) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law (together with, if applicable, a cash payment or scrip or other evidence of ownership in lieu of fractional shares, if any), after such transaction each share of Series A Preference Stock shall be exchangeable, otherwise on the terms and conditions provided by Section 4, for the number and kind of "qualifying employer securities" receivable in such transaction by a holder of the number of shares of DQE Common Stock for which such share of Series A Preference Stock could have been exchanged immediately prior to such transaction (together with, if applicable, a cash payment or scrip or other evidence of ownership of fractional shares, if any); provided, however, that if, by virtue of the structure of such transaction, a holder of DQE Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, then each share of Series A Preference Stock shall be exchangeable for the number and kind of "qualifying employer securities" (together with, if applicable, a cash payment or scrip or other evidence of ownership of fractional shares, if any) receivable in such transaction by a holder of the number of shares of DQE Common Stock for which a share of Series A Preference Stock could have been exchanged immediately prior to such transaction if such holder of DQE Common Stock had failed to exercise any

-10-

rights of election to receive any kind or amount of stock, securities, cash or other property (other than "qualifying employer securities" and cash payment or scrip or other evidence of ownership, if applicable, in lieu of fractional shares) receivable upon such transaction (provided that, if the kind or amount of "qualifying employer securities" receivable upon such transaction is not the same for each non-electing share, then the kind and amount of "qualifying employer securities" deemed, for purposes of this subsection (A), to be receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares, shares held by the Corporation not to be counted in determining such plurality). The rights of the holders of the Series A Preference Stock shall successively be subject to adjustments pursuant to Section 8 after any such transaction as nearly equivalent as practicable to the adjustments provided for by Section 8 prior to such transaction.

(B) If DQE shall consummate any merger, consolidation, share exchange or similar business combination transaction, pursuant to which the outstanding shares of DQE Common Stock are exchanged for, or changed, reclassified or converted into, stock or securities or cash or any other property (payable in kind), or any combination thereof, other than any such consideration which is constituted solely of "qualifying employer securities" (as referred to in subsection (A) of this Section 7) and cash payments or scrip or other evidence of ownership in lieu of fractional shares, after such transaction each share of Series A Preference Stock shall be exchangeable, otherwise on the terms and conditions provided by Section 4, for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable in such transaction by a holder of the number of shares of DQE Common Stock for which such shares of Series A Preference Stock could have been exchanged immediately prior to such transaction; provided, however, that if, by virtue of the structure of such transaction, a holder of DQE Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, then each share of Series A Preference Stock shall be exchangeable for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable in such transaction by a holder of the number of shares of DQE Common Stock for which such share of Series A Preference Stock could have been exchanged immediately prior to such transaction if such holder of DQE Common Stock had failed to exercise any rights of election as to the kind or amount of stock.

- 11 -

securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property deemed, for purposes of this subsection (B), to be receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares, shares held by the Corporation not to be counted in determining such plurality).

(C) If DOE shall enter into any agreement providing for any merger, consolidation, share exchange or similar business combination transaction described in subsection (B) of this Section 7, then the Corporation shall as soon as practicable after it has actual notice thereof (and in any event at least ten (10) Business Days before consummation of such transaction), give notice of such agreement and the material terms thereof to each holder of Series A Preference Stock and each such holder shall have the right, subject to any restrictions of applicable law, to elect, by written notice to the Corporation, to receive, immediately prior to the consummation of such transaction (and only if such transaction is consummated), from the Corporation, in redemption and retirement of such Series A Preference Stock and in lieu of the consideration provided in subsection (B) of this Section 7, a cash payment equal to the amount payable in respect of shares of Series A Preference Stock upon redemption pursuant to Section 5(A). No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the second Business Day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the second Business Day prior to consummation of such transaction.

(D) If and to the extent that shares of Series A Preference Stock are to be exchangeable for consideration other than DOE Common Stock as a result of any merger, consolidation, share exchange or similar business combination transaction described in subsection (A) or (B) of this Section 7 and are not to be redeemed pursuant to subsection (C) of this Section 7, (i) the Corporation shall take such actions as shall be necessary or appropriate in order that the DOE Common Stock, if any, then held by it as contemplated by Section 4(H) shall be

- 12 -

exchanged for, or changed, reclassified or converted into, such consideration and (ii) the covenant contained in Section 4(H) shall thereafter be deemed to relate to such consideration and not to DQE Common Stock.

(E) If the Corporation shall consummate any merger, consolidation, share exchange or similar business combination transaction, the shares of Series A Preference Stock shall by virtue of such merger, consolidation, share exchange or similar business combination transaction be exchanged for, or changed, reclassified or converted into, preferred or preference stock of such successor or resulting company (or in the event such successor or resulting company is the Corporation, such shares shall remain outstanding as shares of Series A Preference Stock of the Corporation), in each case, having in respect to such company insofar as practicable the same preferences, limitations, voting rights and special rights (including the redemption rights provided by Sections 5 and 6 and this Section 7), that the Series A Preference Stock had immediately prior to such transaction. The rights of the preferred or preference stock of such successor or resulting company issued in exchange for the Series A Preference Stock, or, if the Corporation be the surviving corporation of such transaction, the Series A Preference Stock, shall successively be subject to adjustment pursuant to Section 8 after any such transaction as nearly equivalent as practicable to the adjustments provided for by Section 8 prior to such transaction. The Corporation shall not consummate any such merger, consolidation, share exchange or similar business combination transaction unless the successor or resulting company shall make appropriate provision for the authorization and issuance of preferred or preference stock in exchange for the Series A Preference Stock as aforesaid or into which the Series A Preference Stock shall be changed, reclassified or converted.

Section 8. Anti-dilution Adjustments.

(A) If DQE shall, at any time or from time to time while any of the shares of Series A Preference Stock are outstanding, (i) pay a dividend or make any other distribution in respect of the DQE Common Stock in shares of DQE Common Stock, (ii) subdivide the outstanding shares of DQE Common Stock or (iii) combine the outstanding shares of DQE Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of DQE (including a recapitalization effected by a merger or consolidation to which Section 7 hereof does not apply) or otherwise, the Exchange Ratio in effect immediately prior to such action

-13-

shall be adjusted by multiplying such Exchange Ratio by a fraction, the numerator of which is the number of shares of DQE Common Stock outstanding immediately after such event, and the denominator of which is the number of shares of DQE Common Stock outstanding immediately before such event. An adjustment made pursuant to this subsection (A) of Section 8 shall be given effect, in the case of such a dividend or distribution, as of the Record Date therefor and, in the case of such a subdivision or combination, as of the effective date thereof.

(B) (i) If DQE shall, at any time or from time to time while any of the shares of Series A Preference Stock are outstanding, issue, sell or exchange shares of DQE Common Stock (other than pursuant to (a) any right or warrant to purchase or acquire shares of DQE Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of DQE Common Stock), (b) any right to purchase or acquire DQE Common Stock pursuant to any shareholder rights plan or any rights agreement relating thereto or (c) any employee or director incentive, compensation or benefit plan or arrangement (including any employment, severance or consulting agreement) of DQE or any Affiliate of DQE heretofore or hereafter adopted) for a consideration having a Fair Market Value on the date of issuance, sale or exchange less than the Fair Market Value of such shares of DQE Common Stock on the date of issuance, sale or exchange thereof, then, subject to the provisions of subsections (D) and (E) of this Section 8, the Exchange Ratio in effect immediately prior to such issuance, sale or exchange shall be adjusted by multiplying such Exchange Ratio by a fraction, the numerator of which shall be the product of

(a) the Fair Market Value of a share of DQE Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange and

(b) the sum of the number of shares of DQE Common Stock outstanding on such day plus the number of shares of DQE Common Stock so issued, sold or exchanged by DQE,

and the denominator of which shall be the sum of

(c) the Fair Market Value of all the shares of DQE Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange and

-14-

(d) the Fair Market Value of the consideration received by DOE in respect of such issuance, sale or exchange of shares of DOE Common Stock, as of the date of such receipt.

(ii) If DOE shall, at any time or from time to time while any shares of Series A Preference Stock are outstanding, issue, sell or exchange any right or warrant to purchase or acquire shares of DOE Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of DOE Common Stock), other than any such issuance to holders of shares of DOE Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of DOE) and other than pursuant to (a) any shareholder rights plan or any rights agreement relating thereto or (b) any employee or director incentive, compensation or benefit plan or arrangement (including any employment, severance or consulting agreement) of DOE or any Affiliate of DOE heretofore or hereafter adopted, for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Non-Dilutive Amount, then, subject to the provisions of subsections (D) and (E) of this Section 8, the Exchange Ratio in effect immediately prior to such issuance, sale or exchange shall be adjusted by multiplying such Exchange Ratio by a fraction, the numerator of which shall be the product of

(a) the Fair Market Value of a share of DOE Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange and

(b) the sum of the number of shares of DOE Common Stock outstanding on such day plus the maximum number of shares of DOE Common Stock which could be acquired pursuant to such right or warrant at the time of the issuance, sale or exchange of such right or warrant (assuming shares of DOE Common Stock could be acquired pursuant to such right or warrant at such time),

and the denominator of which shall be the sum of

(c) the Fair Market Value of all the shares of DOE Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange,

(d) the Fair Market Value of the consideration received by DOE in respect of such issuance, sale or

-15-

exchange of such right or warrant, as of the date of such receipt, and

(e) the Fair Market Value as of the time of such issuance of the consideration which DQE would receive upon exercise in full of all such rights or warrants.

(C) If DQE shall, at any time or from time to time while any of the shares of Series A Preference Stock are outstanding, make or authorize an Extraordinary Distribution in respect of the DQE Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of DQE (other than a recapitalization or reclassification effected by a merger, consolidation or other combination to which Section 7 applies) or effect a Pro Rata Repurchase of DQE Common Stock, the Exchange Ratio in effect immediately prior to the Record Date for such Extraordinary Distribution or the Effective Date of such Pro Rata Repurchase, as the case may be, shall, subject to subsections (D) and (E) of this Section 8, be adjusted by multiplying such Exchange Ratio by a fraction, the numerator of which shall be the product of

(i) the difference of (x) the number of shares of DQE Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase minus (y) in the case of a Pro-Rata Repurchase, the number of shares of DQE Common Stock thereby repurchased by DQE

and

(ii) the Fair Market Value of a share of DQE Common Stock on the applicable Valuation Date, in the case of an Extraordinary Distribution, or on the applicable Effective Date, in the case of a Pro Rata Repurchase, as the case may be,

and the denominator of which shall be the difference of

(i) the product of

(x) the number of shares of DQE Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase and

(y) the Fair Market Value of a share of DQE Common Stock on the applicable

-16-

Valuation Date, in the case of an Extraordinary Distribution, ⁴ or on the applicable Effective Date, in the case of a Pro Rata Repurchase, as the case may be,

minus

- (ii) the Extraordinary Distribution Adjustment Amount relating to such Extraordinary Distribution or the aggregate purchase price paid in connection with such Pro Rata Repurchase, as the case may be.

An adjustment made pursuant to this subsection (C) of Section 8 shall be given effect, in the case of an Extraordinary Distribution, as of the Record Date therefor and, in the case of a Pro Rata Repurchase, as of the Effective Date thereof.

(D) Notwithstanding any other provisions of this Section 8, the Corporation shall not be required to make any adjustment of the Exchange Ratio unless such adjustment would require an increase or decrease of at least one percent (1%) in the Exchange Ratio. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Exchange Ratio.

(E) If DQE shall pay a dividend or make any other distribution on the DQE Common Stock or issue any DQE Common Stock, other capital stock or other security of DQE or any rights or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Exchange Ratio pursuant to the foregoing provisions of this Section 8, the Board of Directors shall in its sole discretion consider whether such action is of such a nature that it adversely affects the holders of the Series A Preference Stock and that an adjustment to the Exchange Ratio should equitably be made in respect of such transaction. If in such case the Board of Directors determines that an adjustment to the Exchange Ratio should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors. The determination of the Board of Directors as to whether an adjustment to the Exchange Ratio should be made pursuant to this subsection (E), and, if so, as to what adjustment should be made and when, shall be final and binding on the

-17-

Corporation and all shareholders of the Corporation. The Board of Directors may, but shall not be obligated to, make such additional adjustments in the Exchange Ratio, in addition to those required by this Section 8, as shall be necessary in order that any dividend or distribution in shares of capital stock of DQE, subdivision, reclassification or combination of shares of stock of DQE or any recapitalization of DQE, or the exercise of the rights of exchange set forth in Sections 4 and 7, shall not be taxable to holders of the Series A Preference Stock.

(F) Whenever an adjustment to the Exchange Ratio is made pursuant hereto, the Corporation shall forthwith deliver to the transfer agents, if any, for the Series A Preference Stock, and file with the Secretary of the Corporation, a statement signed by two officers of the Corporation stating the adjusted Exchange Ratio determined as provided herein and the voting rights of the Series A Preference Stock reflecting a correlative adjustment. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the Exchange Ratio, the Corporation shall mail a notice thereof and of the Exchange Ratio, as so adjusted, as well as the voting rights of the Series A Preference Stock reflecting a correlative adjustment, to each holder of Series A Preference Stock.

Section 9. Definitions.

The terms defined in this Section 9 shall for all purposes of the terms and provisions of the Preference Stock, Plan Series A of the Corporation have the meanings specified below, unless the context clearly requires otherwise:

"Adjustment Period" shall mean, with respect to any date as of which the Fair Market Value of a security is to be determined, the period of five (5) consecutive trading days ending on and including such date.

"Affiliate" of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, (a) "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly.

-18-

whether through the ownership of voting securities, by contract or otherwise, and the term "controlling" and "controlled" have meanings correlative to the foregoing, and (b) "person" means any individual, corporation, partnership, joint venture, trust or unincorporated organization.

"Appraisal Date" shall mean the date or dates established from time to time by the Corporation for purposes of valuing the DQE Common Stock.

"Board of Directors" shall mean the Board of Directors of the Corporation or, to the extent not prohibited by applicable law, any duly authorized committee thereof.

"Business Day" shall mean any day other than a Saturday, Sunday or other day which is a legal holiday in Pennsylvania or is otherwise a day on which banking institutions in Pennsylvania are authorized by law or other governmental action to remain closed.

"Code" shall have the meaning specified in Section 6(A).

"Composite Tape" shall mean the Composite Tape for New York Stock Exchange transactions.

"Current Market Price" of DQE Common Stock or any other class of publicly traded capital stock or other security of DQE or any other issuer for a day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, on such day, in either case as reported on the Composite Tape or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted to trading or, if such security is not listed or admitted to trading on any national securities exchange, on the NASDAQ National Market System or, if such security is not quoted on the NASDAQ National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on each such day shall not have been reported by NASDAQ, the average of the bid and asked prices for such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

-15-

"Dividend Payment Date" shall have the meaning specified in Section 2.

"DQE" shall mean DQE, Inc., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

"DQE Common Stock" shall mean the Common Stock of DQE, of the par value of \$1 per share.

"DQE Common Stock Equivalent Dividend" shall have the meaning specified in Section 2(A).

"Effective Date" shall have the meaning specified in the definition of "Pro Rata Repurchase" in this Section 9.

"Exchange Ratio" shall have the meaning specified in Section 4(A).

"Extraordinary Distribution" shall mean any dividend or other distribution (the Record Date for which occurs while any shares of Series A Preference Stock are outstanding) of

- (a) cash, if the sum of
 - (i) the amount of such cash dividend or distribution,
 - (ii) the aggregate amount of all other cash dividends and distributions made during the period of twelve consecutive calendar months ended the day next preceding the Record Date for such dividend or distribution (portions of a calendar month being counted as such), excluding, however, from such aggregate amount any dividend or distribution which was previously included in a DQE Common Stock Equivalent Dividend theretofore paid, and
 - (iii) the aggregate amount of all Pro Rata Repurchases (for this purpose, including only the excess of the aggregate purchase price of each such Pro Rata Purchase over the aggregate Fair Market Value of the Shares of DQE Common Stock repurchased thereby as determined as of the Effective Date of such Pro Rata Repurchase), the

-20-

Effective Dates of which fall within the aforesaid twelve-month period.

exceeds fifteen percent (15%) of the aggregate Fair Market Value of all shares of DQE Common Stock outstanding on the Record Date for such dividend or distribution and/or

- (b) shares of capital stock of DQE (other than shares of DQE Common Stock), other securities of DQE, evidences of indebtedness of DQE or any other person or any other property (including shares of any Affiliate of DQE), or any combination thereof.

"Extraordinary Distribution Adjustment Amount" shall mean, with respect to any Extraordinary Distribution, the sum of

- (a) the Fair Market Value of such Extraordinary Distribution and
- (b) the aggregate amount of cash dividends and other distributions paid or made during the twelve-month period applicable to the determination that such Extraordinary Distribution was an Extraordinary Distribution, excluding, however, from such aggregate amount any dividend or distribution which (i) constituted an Extraordinary Distribution, (ii) was otherwise previously included in an Extraordinary Distribution Adjustment Amount or (iii) was previously included in a DQE Common Stock Equivalent Dividend theretofore paid.

"Fair Market Value" shall mean, as to cash, the amount of such cash, and, as to shares of publicly traded capital stock or securities of any issuer, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period; provided, however, that for purposes of subsection (C) of Section 4 hereof, the Fair Market Value of shares of publicly traded capital stock or securities shall be the Current Market Price of such shares or securities on the next preceding Appraisal Date. The "Fair Market Value" of any security which is not publicly traded or of any other property shall mean the fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors, or, if no such investment banking or appraisal firm is in the good faith judgment of

-21-

the Board of Directors available to make such determination, as determined in good faith by the Board of Directors.

"Liquidation Price" shall have the meaning specified in Section 3.

"NASDAQ" shall mean the National Association of Securities Dealers, Inc. Automated Quotation System.

"NASDAQ National Market System" shall mean the National Market System of NASDAQ.

"Non-Dilutive Amount" in respect of an issuance, sale or exchange by DQE of any right or warrant to purchase or acquire shares of DQE Common Stock (including any security convertible into or exchangeable for shares of DQE Common Stock) shall mean (a) the product of (i) the Fair Market Value of a share of DQE Common Stock on the trading day immediately preceding the first public announcement of such issuance, sale or exchange and (ii) the maximum number of shares of DQE Common Stock which could be acquired on such date upon the exercise in full of such rights and warrants (including upon the conversion or exchange of all such convertible or exchangeable securities), whether or not exercisable (or convertible or exchangeable) at such date, minus (b) the aggregate amount payable pursuant to such right or warrant to purchase or acquire such maximum number of shares of DQE Common Stock; provided, however, that in no event shall the Non-Dilutive Amount be less than zero. For purposes of the foregoing sentence, in the case of a security convertible into or exchangeable for shares of DQE Common Stock, the amount payable pursuant to a right or warrant to purchase or acquire shares of DQE Common Stock shall be deemed to be the Fair Market Value of such security on the date of the issuance, sale or exchange of such security by DQE.

"NYSE" shall mean the New York Stock Exchange, Inc., and its successors and assigns.

"Plan" shall have the meaning specified in Section 1(B).

"Pro Rata Repurchase" shall mean any purchase of shares of DQE Common Stock by DQE or any Affiliate thereof, whether for cash, shares of capital stock of DQE, other securities of DQE, evidences of indebtedness of DQE or any other person or any other property (including shares of an Affiliate of DQE), or any combination thereof, effected while any of the shares of Series A

-22-

Preference Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of DQE Common Stock; provided, however, that no purchase of shares by DQE or any Affiliate thereof made in open market transactions shall be deemed a Pro Rata Repurchase. For purposes of Section 8 and this Section 9, shares shall be deemed to have been purchased by DQE or any Affiliate thereof "in open market transactions" if they have been purchased substantially in accordance with the requirements of Rule 10b-18, as such rule is in effect under the Exchange Act on the date shares of Series A Preference Stock are initially issued by the Corporation, or on such other terms and conditions as the Board of Directors shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the DQE Common Stock. The "Effective Date" of a Pro Rata Repurchase shall mean the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase, or the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer.

"Record Date", with respect to any dividend or other distribution on shares of capital stock, shall mean the date and time determined by the Board of Directors as of which the holders of record of such shares which are entitled to receive such dividend or other distribution shall be determined.

"Series A Preference Stock" shall have the meaning specified in Section 1(A).

"Valuation Date" with respect to an Extraordinary Distribution shall mean the date that is five Business Days prior to the record date for such Extraordinary Distribution.

Section 10. Miscellaneous.

(A) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three (3) Business Days after the mailing thereof if sent by first class mail with postage prepaid, addressed: (i) if to the Corporation, to its principal executive office, Attention: Secretary, or to the transfer agent, if any, for the Series A Preference Stock, or other agent of the Corporation designated as permitted herein or (ii) if to

-23-

any holder of the Series A Preference Stock to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the Series A Preference Stock) or (iii) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(B) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Series A Preference Stock or shares of DQE Common Stock or other securities delivered on account of Series A Preference Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Series A Preference Stock or the delivery of DQE Common Stock or other securities in a name other than that in which the shares of Series A Preference Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and the Corporation shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(C) In the event that a holder of shares of Series A Preference Stock shall not by written notice designate the name in which shares of DQE Common Stock to be delivered upon exchange of such shares should be registered or to whom payment upon redemption of shares of Series A Preference Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to cause the registration of such shares to be made, and to make such payment, in the name of the holder of such Series A Preference Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(D) The Corporation may appoint, and from time to time discharge and change, a transfer agent and/or exchange agent for the Series A Preference Stock. Upon

-24-

any such appointment or discharge of a transfer agent or exchange agent, the Corporation shall send notice thereof to each holder of record of Series A Preference Stock.

(THIS PAGE LEFT INTENTIONALLY BLANK)

91171711

Filed in the Department of
State on APR 02 1991

Christopher A. Levin
Secretary of the Commonwealth

STATEMENT OF CORRECTION

1. The name of the corporation that effected the defective or erroneous filing is Duquesne Light Company.
2. The location, including street and number, of its registered office in Pennsylvania, which is located in Allegheny County, is:

One Oxford Centre
301 Grant Street
Pittsburgh, PA 15279

3. The statute by or under which the corporation was incorporated is the act of April 29, 1874 (P.L. 73, No. 32).
4. The inaccuracy or defect to be corrected, which appears in Articles of Merger filed on July 7, 1989 and recorded in Roll and Film Number 8955626 at seq. and 89591537 at seq., is that Articles 3 and 5 of the Articles of Merger and the format of the Agreement and Plan of Merger attached to the Articles of Merger could be read to suggest that DQE, Inc. was a party to the Plan of Merger required under Article IX of the Business Corporation Law of 1933 so as to become a party to the merger between Duquesne Light Company and DQE Merger Subsidiary, Inc.
5. The filing at Roll and Film Number 8955626 at seq. shall be deemed stricken from the records of the Department of State. The filing at Roll and Film Number 89591537 is corrected as follows: Articles 3 and 5 of the Articles of Merger in corrected form are set forth in Exhibit A, attached hereto and made a part hereof. The Agreement and Plan of Merger, for purposes of the Articles of Merger, shall be deemed reexecuted by only Duquesne Light Company and DQE Merger Subsidiary, Inc.

IN TESTIMONY WHEREOF, this Statement of Correction has been executed by DQE, Inc. and Duquesne Light Company (in its own behalf and as the successor by merger to DQE Merger Subsidiary, Inc.).

Date: March 26, 1991

DQE, Inc.
By: *Paul Peters*
Title: *Vice President*

Duquesne Light Company
By: *David D. Marshall*
Title: *Vice President
Corporate Development*

91171712

Exhibit A

3. The name and the location of the registered office of each other domestic business corporation which is a party to the Plan of Merger are:

DQE Merger Subsidiary, Inc.
One Oxford Centre
301 Grant Street
Pittsburgh, PA 15279

There are no qualified foreign business corporations which are parties to the Plan of Merger.

5. The manner in which the Plan of Merger was adopted by each domestic corporation is as follows:

Duquesne Light Company

Approved by the affirmative vote of the stockholders entitled to vote thereon at the Annual Meeting of Stockholders held on April 18, 1989, called after at least ten days written notice to all stockholders of record entitled to vote thereon, setting forth such purpose.

DQE Merger Subsidiary, Inc.

Approved by a Unanimous Consent of Stockholders dated April 5, 1989, setting forth the action so taken, signed by all the stockholders entitled to vote thereon and filed with the Secretary of the corporation.

COMMONWEALTH OF PENNSYLVANIA



March 19, 1992
Department of State

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

IN RE: "DUQUESNE LIGHT COMPANY"

I, Dr. Brenda K. Mitchell, Secretary of the Commonwealth of the Commonwealth of Pennsylvania do hereby certify that the foregoing and annexed is a true and correct photocopy of Articles of Amendment restating the Articles of Incorporation in their entirety and all subsequent amendments

which appear of record in this department.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written.


Secretary of the Commonwealth

(THIS PAGE LEFT INTENTIONALLY BLANK)

COMMONWEALTH OF PENNSYLVANIA



February 26, 1991.
Department of State

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

IN RE: "DUQUESNE LIGHT COMPANY"

I, Christopher A. Lewis, Secretary of the Commonwealth of the Commonwealth of Pennsylvania do hereby certify that the foregoing and annexed is a true and correct photocopy of *Articles of Amendment restating Articles of Incorporation in their entirety and all subsequent amendments*

which appear of record in this department.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written.

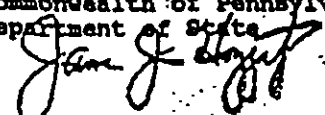

Secretary of the Commonwealth (m.c.)

(THIS PAGE LEFT INTENTIONALLY BLANK)

89581537

Applicant's Acct. No. _____

Filed this JUL 07 1989 day of
A.D. 1989
Commonwealth of Pennsylvania
Department of State



Secretary of the Commonwealth

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

100616

ARTICLES OF MERGER
OF
DUQUESNE LIGHT COMPANY

In compliance with the requirements of Section 903 of the Business Corporation Law, Act of May 5, 1933, P.L. 364, as amended, the undersigned, desiring to effect a merger, hereby certify that:

1. The name of the corporation surviving the merger is DUQUESNE LIGHT COMPANY.

2. The surviving corporation is a domestic corporation and the location of its registered office in this Commonwealth is One Oxford Centre, 301 Grant Street, Pittsburgh, Pennsylvania, 15279.

3. The name and the location of the registered office of each other domestic business corporations which are a party to the Plan of Merger are:

DQE, *INC.*
One Oxford Centre
301 Grant Street
Pittsburgh, PA 15279

1054499

DQE Merger Subsidiary, Inc.
One Oxford Centre
301 Grant Street
Pittsburgh, PA 15279

1088039

DQE Merger Subsidiary, Inc. is a wholly-owned subsidiary of DQE and will not survive the merger. Following the merger Duquesne Light Company will be a wholly-owned subsidiary of DQE.

There are no qualified foreign business corporations which are parties to the Plan of Merger.

89591538

4. The Plan of Merger shall be effective upon filing these Articles of Merger in the Department of State.

5. The manner in which the Plan of Merger was adopted by each domestic corporation is as follows:

Duquesne Light Company

Approved by the affirmative vote of the stockholders entitled to vote thereon at the Annual Meeting of Stockholders held on April 18, 1989, called after at least ten days written notice to all stockholders of record entitled to vote thereon, setting forth such purpose.

DQE, INC.

Approved by a Unanimous Consent of Stockholders dated March 13, 1989, setting forth the action so taken, signed by all the stockholders entitled to vote thereon and filed with the Secretary of the corporation.

DQE Merger Subsidiary, Inc.

Approved by a Unanimous Consent of Stockholders dated April 5, 1989, setting forth the action so taken, signed by all the stockholders entitled to vote thereon and filed with the Secretary of the corporation.

6. The Plan of Merger is set forth in Exhibit A, attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, each undersigned corporation has caused these Articles of Merger to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this 30th day of June, 1989.

ATTEST:

DUQUESNE LIGHT COMPANY

W. S. E. [Signature]
Secretary

Wayle [Signature]
Chairman of the Board,
President and Chief
Executive Officer

89591539

ATTEST:

Walter H. Lane

Secretary

DOE INC

Wesley Wilson Sene

Chairman of the Board,
President and Chief
Executive Officer

ATTEST:

Laura Lane Amelio

Secretary

DOE MERGER SUBSIDIARY, INC.

Michael
President

AL 89591540

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER ("Agreement") dated June 30, 1989 by and among Duquesne Light Company, a Pennsylvania corporation ("Duquesne"), DQE, a Pennsylvania corporation ("DQE"), and DQE Merger Subsidiary, Inc., a Pennsylvania corporation ("Merger Subsidiary").

WITNESSETH:

WHEREAS, Duquesne has an authorized capitalization consisting of (i) 90,000,000 shares of Common Stock, \$1.00 par value ("Duquesne Common Stock"), of which 73,119,446 shares are issued and outstanding (including Treasury shares); (ii) 8,000,000 shares of Preference Stock, \$1.00 par value, of which 2,848,836 shares (consisting of shares of four separate series) are issued and outstanding; and (iii) 4,000,000 shares of Preferred Stock, \$50.00 par value, of which 1,883,370 shares (consisting of shares of nine separate series) are issued and outstanding; items (ii) and (iii) are hereinafter referred to collectively as "Duquesne Preferred Stock"; and

WHEREAS, Merger Subsidiary has an authorized capitalization consisting of 1,000 shares of Common Stock, \$1 par value ("Merger Subsidiary Common Stock"), of which one share has been issued and is outstanding and owned beneficially and of record by DQE; and

WHEREAS, DQE has an authorized capitalization consisting of 125,000,000 shares of Common Stock, \$1 par value ("DQE Common Stock"), 4,000,000 shares of Preferred Stock, \$1 par value; and

WHEREAS, the Boards of Directors of the respective parties hereto deem it advisable to merge Merger Subsidiary into Duquesne (the "Merger") in accordance with the Pennsylvania Business Corporation Law and this Agreement whereby the shares of Duquesne Common Stock will be converted into shares of DQE Common Stock.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree that Merger Subsidiary shall be merged into Duquesne which shall be the corporation surviving such merger and that the terms and conditions of such merger, the mode of carrying it into effect, and the manner of converting and exchanging shares shall be as follows:

EXHIBIT A

POOR ORIGINAL

89591541

FOR ORIGINAL
FOR ORIGINAL

ARTICLE I
The Merger

(a) Subject to and in accordance with the provisions of this Agreement, Articles of Merger as set forth in Exhibit I hereto ("Articles") shall be executed and acknowledged by each of Duquesne DQE and Merger Subsidiary and thereafter delivered to the Department of State of the Commonwealth of Pennsylvania for filing, as provided in Sections 1905 and 1906 of the Pennsylvania Business Corporation Law, upon which filing with the Department of State and its issuance of a Certificate of Merger the Merger shall become effective (the "Effective Time"). At the Effective Time, the separate existence of Merger Subsidiary shall cease and Merger Subsidiary shall be merged with and into Duquesne (Merger Subsidiary and Duquesne being sometimes referred to herein as the "Constituent Corporations" and Duquesne, the corporation designated in the Articles as the surviving corporation, being sometimes referred to herein as the "Surviving Corporation").

(b) Prior to and after the Effective Time, DQE, Duquesne and Merger Subsidiary, respectively, shall take all such action as may be necessary or appropriate in order to effectuate the Merger. In this connection, DQE shall issue shares of DQE Common Stock which the holders of Duquesne Common Stock shall be entitled to receive as provided in Article II hereof. In the event that at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with all rights, privileges, approvals, immunities and franchises and all property, real, personal and mixed, of either of the Constituent Corporations, the officers and directors of each of the Constituent Corporations as of the Effective Time shall take all such further action.

ARTICLE II

Terms of Conversion and Exchange of Shares

At the Effective Time:

(a) Each share of Duquesne Common Stock issued and outstanding immediately prior to the Effective Time (except for 10 shares of Duquesne Common Stock previously owned beneficially and of record by DQE) shall thereupon, and without surrender of stock certificates or any other action on the part of the holder thereof, be changed and converted into one share of DQE Common Stock, which shall thereupon be issued, fully paid and nonassessable.

89591542

(b) The 10 shares of Duquesne Common Stock owned beneficially and of record by DQE shall not be converted or otherwise affected by the Merger, and each such share shall continue to be issued and outstanding and to be a fully paid and nonassessable share of the Common Stock of the Surviving Corporation;

(c) The shares of Duquesne Preferred Stock issued and outstanding immediately prior to the Effective Time shall not be converted or otherwise affected by the Merger; and each such share shall, except as reduced by the exercise of the rights of the dissenting preferred stockholders, continue to be issued and outstanding and to be one fully paid and nonassessable share of the particular series of Duquesne Preferred Stock of the Surviving Corporation; and

(d) Each share of Merger Subsidiary Common Stock issued and outstanding immediately prior to the Effective Time shall be cancelled.

ARTICLE III

Articles of Incorporation and Bylaws

From and after the Effective Time, and until thereafter amended as provided by law, the Restated Articles of Duquesne and by law, the Restated Articles of Duquesne as in effect immediately prior to the Effective Time shall be and continue to be the Restated Articles of the Surviving Corporation. From and after the Effective Time, and until the Bylaws of Duquesne and by law, the Bylaws of Duquesne as in effect immediately prior to the effective Time shall be and continue to be the Bylaws of the Surviving Corporation.

ARTICLE IV

Directors and Officers

The persons who are Directors and officers of Duquesne immediately prior to the Effective Time shall continue as Directors and officers, respectively, of the Surviving Corporation and shall continue to hold office as provided in the Bylaws of the Surviving Corporation. If, at or following the Effective Time, a vacancy shall exist in the Board of Directors or in the position of any officer of the Surviving Corporation, such vacancy may be filled in the manner provided in the Bylaws of the Surviving Corporation.

89591543

ARTICLE V

Stock Certificates

Following the Effective Time, except for DQE, the holder of the 10 shares of Duquesne Common Stock purchased by it prior to the Merger, each holder of an outstanding certificate or certificates theretofore representing shares of Duquesne Common Stock may, but shall not be required to, surrender the same to DQE for cancellation or transfer, and each such holder or transferee will be entitled to receive certificates representing the same number of shares of DQE Common Stock as the shares of Duquesne Common Stock previously represented by the stock certificates surrendered. Until so surrendered or presented for transfer, each outstanding certificate which, prior to the Effective Time, represented Duquesne Common Stock, except for the certificates pertaining to the 10 shares of Duquesne Common Stock described above, shall be deemed and treated for all corporate purposes to represent the ownership of the same number of shares of DQE Common Stock as though such surrender or transfer and exchange had taken place. The stock transfer books for the Duquesne Common Stock shall be deemed to be closed at the Effective Time and no transfer of outstanding shares of Duquesne Common Stock outstanding prior to the Effective Time shall thereafter be made on such books. Following the Effective Time, the holders of certificates representing Duquesne Common Stock outstanding immediately before the Effective Time shall cease to have any rights with respect to the stock of the Surviving Corporation and their sole rights shall be with respect to the DQE Common Stock to which their shares of Duquesne Common Stock shall have been converted in the Merger.

ARTICLE VI

Conditions of the Merger

Consummation of the Merger is subject to the satisfaction of the following conditions:

(a) The Merger shall have received the approval of the holders of capital stock of each of the Constituent Corporations as required by its Articles of Incorporation and the Pennsylvania Business Corporation Law.

(b) There shall have been obtained either rulings of the Internal Revenue Service satisfactory to the Board of Directors of Duquesne or an opinion or opinions of counsel satisfactory to the Board of Directors of Duquesne, with respect to the tax consequences of the Merger and other transactions incident thereto.

89591544

(c) The DQE Common Stock to be issued and to be reserved for issuance pursuant to the Merger shall have been approved for listing, upon official notice of issuance, by the New York and Philadelphia Stock Exchanges.

(d) The Articles shall have been filed with the Department of State of the Commonwealth of Pennsylvania.

ARTICLE VII

Termination

At any time prior to the filing of the Articles with the Department of State the Merger may be terminated by the Board of Directors of any corporation a party hereto notwithstanding approval of the Merger by the stockholders of all or any of the corporations parties hereto.

ARTICLE VIII

Assumption of Obligations Under Duquesne Stock Plans

DQE shall take all required corporate action to assume the obligations of Duquesne under Duquesne's Dividend Reinvestment and Stock Purchase Plan.

ARTICLE IX

Miscellaneous

This Agreement may be executed in counterparts, each of which when so executed, shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Duquesne, Merger Subsidiary and DQE, pursuant to approval and authorization duly given by resolutions adopted by their respective Boards of Directors, have each caused this Agreement and Plan of Merger to be executed by its Chairman of the Board, President and Chief Executive Officer or President or one of its Vice Presidents and its corporate seal to be affixed hereto and attested by its Secretary.

89591545

Attest:

DUQUESNE LIGHT COMPANY

By: Wm. S. Egan

By: Wesley Wilson Schuch

Attest:

DOE

By: [Signature]

By: Wesley Wilson Schuch

Attest:

MERGER SUBSIDIARY, INC.

By: Trina Jane Amelio

By: [Signature]

89591546

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, Under the terms of the Business Corporation Law, approved May 5, 1933, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF MERGER

evidencing the merger of one or more corporations into one of such corporations under the provisions of that law; and

Whereas, The stipulations and conditions of that Law relating to the merger of such corporations have been fully complied with by DQE MERGER SUBSIDIARY, INC. and DUQUESNE LIGHT COMPANY.

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, approved May 5, 1933, P. L. 364, as amended, I DO BY THESE PRESENTS, which I have caused to be sealed with the Great Seal of the Commonwealth, merge the above named DQE MERGER SUBSIDIARY, INC. with and into DUQUESNE LIGHT COMPANY, the surviving corporation

which shall continue to be invested with and have and enjoy all the powers, privileges and franchises incident to a domestic business corporation, and be subject to all the duties, requirements and restrictions specified and enjoined in and by the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 7th day of July In the year of our Lord one thousand nine hundred and eighty-nine and of the Commonwealth the two hundred fourteenth.

James J. [Signature]
Secretary of the Commonwealth

ARTICLES OF AMENDMENT

#170616

To: The Corporation Bureau
Department of State
Commonwealth of Pennsylvania

In compliance with the requirements of Article VIII of the Business Corporation Law, approved the 5th day of May, 1933, P.L. 364, as amended, the undersigned corporation, DUQUESNE LIGHT COMPANY, desiring to amend its Articles, hereby certifies under its corporate seal that:

1. The name of the corporation is Duquesne Light Company (the "Company"), and the location of its registered office in the Commonwealth of Pennsylvania is One Oxford Centre, 301 Grant Street, Pittsburgh, Allegheny County, Pennsylvania 15279.

2. The Company was incorporated on November 25, 1912 by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania, approved April 29, 1874, P.L. 73, and the several supplements thereto, and is now subject to the provisions of the Business Corporation Law.

3. The meeting of the stockholders of the Company at which the amendment was adopted was held on April 21, 1987 at 10:00 a.m., local Pittsburgh time, at the David L. Lawrence Convention Center, 1101 Penn Avenue, Pittsburgh, Pennsylvania,

8739 506

pursuant to written notice mailed on March 9, 1987, and at an adjournment thereof, by the vote of a majority of the shares present in person or by proxy at the meeting on April 21, 1987, held on May 19, 1987 at 8:30 a.m., local Pittsburgh time, at the Fourth Floor Auditorium in the Company's executive offices, One Oxford Centre, 301 Grant Street, Pittsburgh, Pennsylvania, pursuant to notice given by oral announcement at the April 21, 1987 meeting.

4. On February 25, 1987, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote:

(a) the total number of shares outstanding was 73,119,446 shares of Common Stock, par value \$1 per share, 2,066,841 shares of Preferred Stock, par value \$50 per share, and 3,076,660 shares of Preference Stock, par value \$1 per share.

(b) the number of shares entitled to vote on the proposed amendment was 73,119,446 shares of Common Stock.

5. In the action taken by the stockholders, the number of shares voted for the proposed amendment was 50,155,255 shares of Common Stock, and the number of shares voted against the proposed amendment was 6,497,307 shares of Common Stock.

8739 507

6. The amendment adopted by the stockholders is to amend Section 4.2 of Article 5th of the Restated Articles of the Company to read in full as follows:

"4.2. Preemptive Rights. Upon any issue for money or other consideration of any stock of the Company that may be authorized from time to time, no holder of stock irrespective of the kind of such stock shall have any preemptive or other right to subscribe for, purchase, or receive any proportionate or other share of the stock so issued, but the Board of Directors may dispose of all or any portion of such stock as and when it may determine, free of any such rights, whether by offering the same to stockholders or by sale or other disposition as said Board may deem advisable."

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by its President and its corporate seal, duly attested by its Secretary, to be affixed onto this document this 20th day of May, 1987.

[Corporate Seal]

DUQUESNE LIGHT COMPANY

Attest: Diane S. Eismont
Diane S. Eismont,
Secretary

By Wesley W. von Schack
Wesley W. von Schack,
President

Filed in the Department of State on the ___ day of
JUN - 2 1987

James J. Blaylock
Secretary of the Commonwealth

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 2nd day of June in the year of our Lord one thousand nine hundred and eighty-seven and of the Commonwealth the two hundred eleventh.

Secretary of the Commonwealth

Convention Center, 1101 Penn Avenue, Pittsburgh, Pennsylvania,
pursuant to written notice mailed on March 9, 1987.

4. On February 25, 1987, the record date for the
determination of the holders of the capital stock of the Company
outstanding and entitled to vote:

(a) the total number of shares outstanding was
73,119,446 shares of Common Stock, par value \$1 per share,
2,066,841 shares of Preferred Stock, par value \$50 per share, and
3,076,660 shares of Preference Stock, par value \$1 per share.

(b) the number of shares entitled to vote on the
proposed amendments was 73,119,446 shares of Common Stock.

5. In the action taken by the stockholders, the numbers
of shares voted for the proposals to amend were:

Proposal to add to Article 5th
a new Division F and related
definitions and provisions
concerning interpretation and
amendments in Division H: 45,732,028 shares of Common Stock

Proposal to add to Article 5th
a new Division G and related
definitions and provisions
concerning interpretation and
amendments in Division H: 44,281,622 shares of Common Stock

Proposal to add a new
Article 6th: 54,889,577 shares of Common Stock

The number of shares voted against the proposals to amend were:

Proposal to add to Article 5th a new Division F and related definitions and provisions concerning interpretation and amendments in Division H: 8,648,878 shares of Common Stock

Proposal to add to Article 5th a new Division G and related definitions and provisions concerning interpretation and amendments in Division H: 9,847,899 shares of Common Stock

Proposal to add a new Article 6th: 6,091,412 shares of Common Stock

6. The amendments adopted by the stockholders are set forth in Exhibit A attached.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by its President and its corporate seal, duly attested by its Secretary, to be affixed onto this document this 27th day of April, 1987.

[Corporate Seal]

DUQUESNE LIGHT COMPANY

Attest:

Diane S. Eismont
Diane S. Eismont,
Secretary

By

Wesley W. von Schack
Wesley W. von Schack,
President

Filed in the Department of State on the 29th day of April, 1987.

James J. [Signature]
Secretary of the Commonwealth

EXHIBIT A

DUQUESNE LIGHT COMPANY

Amendments to Restated
Articles

The Restated Articles of Duquesne Light Company are amended by adding to Article 5th the following additional provisions:

Division F—BOARD OF DIRECTORS.

6.1. *Number, Election, etc.* The business and affairs of the Company shall be managed by or under the direction of a Board of Directors comprised as follows:

(a) *Number.* The Board of Directors shall consist of such number of persons as may from time to time be fixed by the Board pursuant to a resolution adopted by a majority vote of the Disinterested Directors then in office, plus such number of additional directors as the holders of any class or series of stock having a preference over the Common Stock as to dividends or assets, voting separately as a class or series, shall have the right from time to time to elect.

(b) *Classes, Election and Terms.* The directors elected by the holders of Voting Stock shall be classified in respect of the time for which they shall severally hold office by dividing them into three classes, as nearly equal in number as possible. If such classes of directors are not equal, the Board of Directors, by a majority vote of the Disinterested Directors then in office, shall determine which class shall contain an unequal number of directors. At the annual meeting of stockholders of the Company in 1987 and at any meeting of stockholders at which a new Board of Directors is to be elected by reason of the accrual or expiration of the right of the holders of Preferred or Preference Stock to elect directors, separate elections shall be held for the directors of each such class, the term of office of the directors of the first class to expire at the first annual meeting after their election, the term of office of the directors of the second class to expire at the second annual meeting after their election and the term of office of the directors of the third class to expire at the third annual meeting after their election. At each succeeding annual meeting of stockholders, the stockholders shall elect directors of the class whose term then expires, to hold office until the third succeeding annual meeting. Except as otherwise expressly provided in these Articles, each director shall hold office for the term for which elected and until his or her successor shall be elected and shall qualify.

(c) *Removal of Directors.* Any director, any class of directors or the entire Board of Directors may be removed from office by stockholder vote at any time, without assigning any cause, but only if stockholders entitled to cast at least 80% of the votes which all stockholders would be entitled to cast at an annual election of directors or of such class of directors shall vote in favor of such removal; *provided, however,* that the stockholders shall have such power of removal without cause only if and so long as the general corporate law of the Company's state of incorporation specifically mandates such power. If such power of removal without cause is not mandated by statute, the stockholders may remove a director or directors from office at any time only for cause and only if, in addition to any vote required by any other provision of law, these Articles or the By-Laws of the Company, such removal is approved by the affirmative vote of at least a majority of the voting power of the outstanding shares of Voting Stock of the Company which are not beneficially owned by an Interested Stockholder.

(d) *Vacancies.* Notwithstanding anything to the contrary contained in Section 4.1 of Division D, vacancies in the members of the Board of Directors elected by the holders of Voting Stock, including vacancies resulting from an increase in the number of directors, shall be filled only by a majority vote of the Disinterested Directors then in office, though less than a quorum, except as otherwise required by law. All such directors elected to fill vacancies shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which they have been elected expires. No decrease in

8731 86

the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(c) *Nominations of Director Candidates.* Nominations for the election of directors may be made only by the Board of Directors or a committee appointed by the Board of Directors or by any holder of record of stock entitled to vote in the election of the directors to be elected; but a nomination may be made by a stockholder only if written notice of such nomination has been received by the Secretary of the Company not later than 120 days in advance of the meeting at which the election is to be held. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Company if so elected. Only candidates who have been nominated in accordance with this Section 6.1(c) shall be eligible for election by the stockholders as directors of the Company.

6.2 *Exception for Preferred or Preference Stock.* Whenever the holders of any class or series of stock having a preference over the Common Stock of the Company as to dividends or assets shall have the right, voting separately as a class or series, to elect one or more directors of the Company or to take any other action, none of the provisions of Section 6.1 shall apply with respect to the director or directors elected or the action taken by the holders of such class or series.

6.3 *Authority to Amend By-Laws.* The Board of Directors may adopt, amend and repeal the By-Laws with respect to those matters which are not, by statute, reserved exclusively to the stockholders, provided that except during any period when the holders of Preferred or Preference Stock shall have the right to elect one or more directors, such power may be exercised only by vote of a majority of the Disinterested Directors then in office. No By-Law may be adopted, amended or repealed by the stockholders unless, in addition to any other affirmative vote required by law, these Articles or otherwise, such action is approved by the affirmative votes of (i) the holders of at least 80% of the voting power of all then outstanding shares of Voting Stock, voting together as a single class, and (ii) the holders of at least a majority of the voting power of the then outstanding shares of Voting Stock which are not beneficially owned by any Interested Stockholder, voting together as a single class; provided, however, that the additional affirmative votes required by this Section 6.3 shall not apply to any stockholder adoption, amendment or repeal of any By-Law provision if (i) such action is recommended and submitted to the stockholders for their consideration by the affirmative vote of a majority of the Disinterested Directors and (ii) at the time of such recommendation the Disinterested Directors constitute at least a majority of the full Board of Directors, excluding any directors elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or assets.

8731 87

Division G—VOTES REQUIRED FOR CERTAIN BUSINESS COMBINATIONS.

7.1.(a) Special Votes for Certain Business Combinations. In addition to any affirmative vote required by law, these Articles or otherwise, and except as otherwise expressly provided in Section 7.2:

(1) any merger, consolidation or share exchange of the Company or any Subsidiary with (A) any Interested Stockholder or with (B) any other person (whether or not itself an Interested Stockholder) which is, or after such merger, consolidation or share exchange would be, an Affiliate or Associate of an Interested Stockholder or which does not include in its articles of incorporation the substance of the terms of this Division G, in each case without regard to which person is the surviving person;

(2) any sale, lease, exchange, mortgage, pledge, transfer or other disposition or security arrangement, investment, loan, advance, guarantee, agreement to purchase, agreement to pay, extension of credit, joint venture participation or other arrangement (in one transaction or a series of transactions) to, with or for the benefit of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder involving any assets, securities or commitments of the Company or any Subsidiary having an aggregate Fair Market Value and/or involving aggregate commitments equal to 5% or more of Total Assets;

(3) the issuance or transfer by the Company or any Subsidiary (in one transaction or a series of transactions) of any securities of the Company or any Subsidiary to any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder in exchange for cash, securities or other consideration (or a combination thereof) having an aggregate Fair Market Value equal to 5% or more of Total Assets;

(4) the adoption of any plan or proposal for the liquidation or dissolution of the Company proposed by or on behalf of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder;

(5) any reclassification of securities (including any reverse stock split), or recapitalization of the Company, or any merger or consolidation of the Company with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity securities or securities convertible into equity securities of the Company or any Subsidiary which is directly or indirectly beneficially owned by any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or

(6) any other transaction or series of transactions similar in purpose or effect to, or any agreement, contract or other arrangement providing for, any one or more of the transactions specified in the foregoing subparagraphs (1) through (5);

shall require the affirmative votes of (i) the holders of at least 80% of the voting power of all then outstanding shares of Voting Stock, voting together as a single class, and (ii) the holders of at least a majority of the voting power of the then outstanding shares of Voting Stock which are not beneficially owned by such Interested Stockholder, voting together as a single class. Such affirmative votes shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(b) *Definition of "Business Combination"*. The term "Business Combination" as used in this Division G shall mean any transaction which is referred to in any one or more of clauses (1) through (6) of paragraph (a) of this Section 7.1.

7.2. Exceptions to Special Vote Requirements. The provisions of Section 7.1 shall not be applicable to any Business Combination, and such Business Combination shall require only such affirmative vote (if any) as is required by law, any other provision of these Articles, any agreement with any national securities

exchange or otherwise, if all of the conditions specified in either of the following paragraphs (a) or (b) are met:

(a) *Approval by Disinterested Directors.* The Business Combination shall have been approved by a majority of the Disinterested Directors; or

(b) *Price and Procedural Requirements.* All of the following six conditions shall have been met:

(1) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the highest of the following:

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of Common Stock at any time beneficially owned by the Interested Stockholder which were acquired (i) within the two-year period immediately prior to the date of the first public announcement of the proposed Business Combination (the "Announcement Date") or (ii) in the transaction in which it became an Interested Stockholder, whichever is higher;

(B) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (the "Determination Date"), whichever is higher; and

(C) (if applicable) the price per share equal to the Fair Market Value per share of Common Stock determined pursuant to clause (B) immediately preceding, multiplied by the ratio of (i) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of Common Stock at any time beneficially owned by the Interested Stockholder which were acquired within the two-year period immediately prior to the Announcement Date to (ii) the Fair Market Value per share of Common Stock on the first day in such two-year period on which the Interested Stockholder beneficially owned any shares of Common Stock.

(2) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any other class or series of Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this clause (b)(2) shall be required to be met with respect to every class or series of outstanding Voting Stock, whether or not the Interested Stockholder beneficially owns any shares of a particular class or series of Voting Stock):

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of such class or series of Voting Stock at any time beneficially owned by the Interested Stockholder which were acquired (i) within the two-year period immediately prior to the Announcement Date or (ii) in the transaction in which it became an Interested Stockholder, whichever is higher;

(B) (if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company;

(C) the Fair Market Value per share of such class or series of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(D) (if applicable) the price per share equal to the Fair Market Value per share of such class or series of Voting Stock determined pursuant to clause (C) immediately preceding, multiplied by the ratio of (i) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of such class or series of Voting Stock at any time beneficially owned by the Interested Stockholder which were acquired within the

8731 89

two-year period immediately prior to the Announcement Date to (ii) the Fair Market Value per share of such class of Voting Stock on the first day in such two-year period on which the Interested Stockholder beneficially owned any shares of such class or series of Voting Stock.

(3) The consideration to be received by holders of each class or series of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as was previously paid in order to acquire shares of Voting Stock which are beneficially owned by the Interested Stockholder. If the Interested Stockholder beneficially owns shares of Voting Stock which were acquired with varying forms of consideration, the form of consideration to be received by holders of each class or series of Voting Stock shall be either cash or the form used to acquire the largest number of shares of Voting Stock (regardless of class or series) beneficially owned by the Interested Stockholder. All per share prices referred to in clauses (1) and (2) of this paragraph (b) shall be appropriately adjusted to reflect any intervening stock dividend, stock split, combination of shares or similar event.

(4) After the Determination Date and prior to the consummation of such Business Combination: (A) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding capital stock of the Company having preference over the Common Stock as to dividends or upon liquidation; (B) there shall have been (i) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (ii) in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, an increase in such annual rate of dividends (as necessary to prevent any such reduction), unless the failure so to increase such annual rate is approved by a majority of the Disinterested Directors; and (C) such Interested Stockholder shall not have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction in which it became an Interested Stockholder.

(5) After the Determination Date, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Company, whether in anticipation of or in connection with such Business Combination or otherwise.

(6) If the proposed Business Combination otherwise requires a stockholder vote, such Business Combination shall be submitted to the holders of capital stock of the Company entitled to vote thereon, and their proxies for approval of such transaction shall be solicited in accordance with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations), and in any event (whether or not a stockholder vote is required), a proxy or information statement describing the proposed Business Combination and complying with such requirements shall be mailed to all holders of Voting Stock and the holders of any other class or series of stock entitled to vote thereon at least 30 days prior to the earlier of the date of the stockholder meeting to vote on such Business Combination or the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act, rules and regulations or subsequent provisions). The first page of such proxy or information statement shall prominently display any statement regarding the advisability (or inadvisability) of the proposed Business Combination which a majority of the Disinterested Directors then in office may choose to make. Such proxy or information statement shall also contain, if a majority of the Disinterested Directors then in office so requests, an opinion of a reputable investment banking firm (which firm shall be selected by a majority of the Disinterested Directors then in office, furnished with all information it reasonably requests, and paid a reasonable fee for its services by the Company upon the Company's receipt of such opinion) as to the fairness (or lack of fairness) from a financial point of view of the terms of the proposed Business Combination to the holders of Voting Stock other than the Interested Stockholder and its Affiliates or Associates.

8731 90

7.3. *No Effect on Fiduciary Obligations of Interested Stockholders.* Nothing contained in this Division G shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law or equity.

7.4. *Board Not Limited by Compliance.* The fact that any Business Combination complies with the conditions set forth in paragraph (b) of Section 7.2 shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member thereof, to approve such Business Combination or recommend its adoption or approval to the stockholders of the Company, nor shall such compliance limit, prohibit or otherwise restrict in any manner the business judgment of the Board of Directors, or any member thereof, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

Division H—DEFINITIONS; INTERPRETATION; AMENDMENTS.

8.1. *Definitions.* For the purposes of Divisions F, G and H of this Article 5th:

(a) A "person" shall mean any individual, firm, corporation, partnership, joint venture, trust or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Voting Stock. As used herein, the pronouns "which", "that" and "it" in relation to persons that are individuals shall be construed to mean "who" or "whom", "he" or "she" and "him" or "her", as appropriate.

(b) "Interested Stockholder" at any particular time shall mean any person (other than the Company or a Subsidiary, or an employee benefit plan of the Company or a Subsidiary, or a trustee or fiduciary of any such plan when acting in such capacity) which:

(1) is at such time the beneficial owner, directly or indirectly, of more than 10% of the voting power of the outstanding Voting Stock;

(2) is at such time an Affiliate of the Company and at any time within the two-year period immediately prior to such time was the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Voting Stock; or

(3) is at such time an assignee of or has otherwise succeeded to the beneficial ownership of any shares of Voting Stock which were at any time within the two-year period immediately prior to such time beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

With respect to any particular transaction, the term "Interested Stockholder" means any Interested Stockholder involved in such transaction, any Affiliate or Associate of such Interested Stockholder and any other member of a group acting in concert with such Interested Stockholder.

(c) A person shall be a "beneficial owner" of any shares of Voting Stock:

(1) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly;

(2) which such person or any of its Affiliates or Associates has (A) the right to acquire (whether or not such right is exercisable immediately) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, revocation of a trust, or otherwise, or (B) the right to vote, or to direct the voting of, pursuant to any agreement, arrangement or understanding; or

(3) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

8731 91

For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph (b) of this Section 8.1, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned by an Interested Stockholder through application of this paragraph (c) but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise.

(d) An "Affiliate" of a specified person shall mean any person which, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the person specified.

(e) An "Associate" of a specified person shall mean (1) any director, officer or partner of, or any beneficial owner, directly or indirectly, of 5% or more of any class of equity security of, such person or any of its Affiliates, (2) any corporation or organization (other than the Company or a Subsidiary) of which such person is a director, officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (3) any trust or other estate (other than an employee benefit plan of the Company or a Subsidiary) in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, (4) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the Company or any of its parents or Subsidiaries and (5) any investment company registered under the Investment Company Act of 1940 for which such person or any Affiliate or Associate of such person serves as investment advisor.

(f) "Subsidiary" shall mean any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Company, as well as any Affiliate of the Company which is controlled by the Company; *provided, however,* that for purposes of the definition of Interested Stockholder set forth in paragraph (b) of this Section 8.1, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Company.

(g) "Disinterested Director" shall mean a director of the Company who is not an Interested Stockholder or an Affiliate, Associate or representative of an Interested Stockholder and either (1) was a director of the Company immediately prior to the time the Interested Stockholder became an Interested Stockholder or (2) is a successor to a Disinterested Director and is recommended or elected to succeed a Disinterested Director by a majority of the then Disinterested Directors. Whenever the holders of any class or series of stock having a preference over the Common Stock as to dividends or assets shall have the right, voting separately as a class or series, to elect one or more directors of the Company, the term "Disinterested Director" shall not include any director elected by the holders of such class or series. As used with respect to any particular transaction in Division G or with respect to a determination or interpretation as to such transaction under Section 8.1(h) or Section 8.2, the term "Disinterested Director" shall include all directors who are Disinterested Directors with respect to the Interested Stockholders involved in such transaction. In all other cases, unless the context otherwise clearly requires, the term "Disinterested Director" shall mean only those directors who are Disinterested Directors with respect to all persons who are then Interested Stockholders.

(h) "Fair Market Value" shall mean (1) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sale price or, if none, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotation System or any similar system then in use, or if no such quotations are available, the fair

market value on the date in question of a share of such stock as determined in good faith by a majority vote of the Disinterested Directors; and (2) in the case of property other than stock or cash, the fair market value of such property on the date in question as determined in good faith by a majority vote of the Disinterested Directors or by a qualified appraiser retained by them for such purpose.

(i) "Voting Stock" shall mean capital stock of the Company entitled to vote generally in an annual election of directors of the Company.

(j) "Total Assets" shall mean the consolidated total assets of the Company and its consolidated subsidiaries as of the close of the most recent fiscal quarter ended on or prior to the Announcement Date of the Business Combination in question, as shown on the consolidated balance sheet published by the Company for such quarter.

(k) In the event of any Business Combination in which the Company survives, the phrase "consideration other than cash to be received" as used in paragraph (b) of Section 7.2 shall include the shares of Common Stock and/or the shares of any other class or series of outstanding Voting Stock retained by the holders of such shares.

8.2. Powers of the Disinterested Directors. The Disinterested Directors, by a majority vote, are authorized to interpret all the terms and provisions of Divisions F, G and H of this Article 5th and to determine, on the basis of information known to them after reasonable inquiry, any fact necessary to determine compliance with any such term or provision, including, without limitation (a) whether a person is an Interested Stockholder, (b) the number of shares of Voting Stock beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another person, (d) whether any articles of incorporation provision required by Section 7.1(a)(1) complies with such Section and is valid and enforceable, (e) whether the requirements of paragraph (b) of Section 7.2 have been met with respect to any Business Combination and (f) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Company or any Subsidiary in any Business Combination has, an aggregate Fair Market Value equal to 5% or more of Total Assets. Any such interpretation or determination made in good faith shall be binding and conclusive for all purposes of these Articles.

8.3. Amendment, Repeal, Etc. In addition to any affirmative vote required by law, these Articles or otherwise, any amendment, alteration, change or repeal of any provision of these Articles, or the adoption of any provision inconsistent therewith, shall require the affirmative votes of (i) the holders of at least 80% of the voting power of all then outstanding shares of Voting Stock, voting together as a single class, and (ii) the holders of at least a majority of the voting power of the then outstanding shares of Voting Stock which are not beneficially owned by any Interested Stockholder, voting together as a single class; *provided, however,* that the additional affirmative votes required by this Section 8.3 shall not apply to any amendment, alteration, change, repeal or provision if (i) it is recommended and submitted to the stockholders for their consideration by the affirmative vote of a majority of the Disinterested Directors and (ii) at the time of such recommendation the Disinterested Directors constitute at least a majority of the full Board of Directors, excluding any directors elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or assets.

8731 93

The Restated Articles of Duquesne Light Company are further amended by adding thereto a new Article 6th as follows:

6th. Personal Liability of Directors.

(a) To the fullest extent that the laws of the Commonwealth of Pennsylvania, as in effect on January 27, 1987 or as thereafter amended, permit elimination or limitation of the liability of directors, no Director of the Company shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) This Article 6th shall not apply to any action filed prior to January 27, 1987, nor to any breach of performance or failure of performance of duty by a Director occurring prior to January 27, 1987. Any amendment or repeal of this Article 6th which has the effect of increasing Director liability shall operate prospectively only, and shall not affect any action taken, or any failure to act, prior to its adoption.

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 29th day of April in the year of our Lord one thousand nine hundred and eighty-seven and of the Commonwealth the two hundred eleventh.

James J. Hoyt

Secretary of the Commonwealth

(THIS PAGE LEFT INTENTIONALLY BLANK)

ARTICLES OF AMENDMENT

TO THE CORPORATION BUREAU
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Section 806 of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the undersigned corporation, DUQUESNE LIGHT COMPANY, desiring to amend its Restated Articles, hereby certifies under its corporate seal that:

1. The name of the corporation is Duquesne Light Company (the "Company"), and its registered office is located at One Oxford Centre, 301 Grant Street, City of Pittsburgh, Pennsylvania 15279, County of Allegheny.

2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.

3. The meeting of the shareholders of the Company at which the amendment was adopted was held on April 26, 1983 at 10:00 o'clock A.M., E.D.T., in the Ballroom, Pittsburgh Hyatt House at Chatham Center, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 17, 1983.

4. On February 25, 1983, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote, there were outstanding 53,879,126 shares of Common Stock of the Company, 2,126,841 shares of Preferred Stock of the Company, and 3,520,080 shares of Preference Stock of the Company, and of these only the 53,879,126 outstanding shares of Common Stock of the Company were entitled to vote on the amendment.

5. In the action taken by the shareholders, the number of shares voted in favor of and against the amendment was:

Voted in Favor:	35,483,589
Voted Against:	3,410,296

6. The amendment adopted by the shareholders, set forth in full, is as follows:

RESOLVED, That clause (c) of the first sentence of Article 5th of the Company's Restated Articles (which states the aggregate number of shares of Common Stock which the Company shall have authority to issue) be amended to read as follows: "(c) 75,000,000 shares of Common Stock, of the par value of \$1 per share."

IN TESTIMONY WHEREOF, the undersigned corporation
has caused these Articles of Amendment to be signed by its
Chairman of the Board and President and by its Secretary, and
its corporate seal to be hereunto affixed, this 3RD day of
May, 1983.

DUQUESNE LIGHT COMPANY

By: *John M. Arthur*
John M. Arthur
Chairman of the Board
and President

[CORPORATE SEAL]

By: *Thomas Welfer, Jr.*
Thomas Welfer, Jr.
Secretary

Filed in the Department of State on the 9th day of May,
1983.

William C. Davis
Secretary of the Commonwealth
vod

Commonwealth of Pennsylvania



100616

Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 9th day of May in the year of our Lord one thousand nine hundred and eighty three and of the Commonwealth the two hundred and seventh.

William R. Davis

Secretary of the Commonwealth
vod

(THIS PAGE LEFT INTENTIONALLY BLANK)

81-28 1352

ARTICLES OF AMENDMENT

100616

To: The Corporation Bureau
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Section 806 of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the undersigned corporation, DUQUESNE LIGHT COMPANY, desiring to amend its Restated Articles, hereby certifies under its corporate seal that:

1. The name of the corporation is Duquesne Light Company (the "Company"), and its registered office is located at 435 Sixth Avenue, City of Pittsburgh, Pennsylvania 15219, County of Allegheny.

2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.

3. The meeting of the shareholders of the Company at which the amendment was adopted was held on April 21, 1981, at 10:00 o'clock A.M., Pittsburgh Time, in the Ballroom, Pittsburgh Hyatt House at Chatham Center, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 19 and 20, 1981.

81-28 1353

4. On February 27, 1981, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote, there were outstanding and entitled to vote on the amendment set forth below 40,357,167 shares of Common Stock of the Company.

5. In the action taken by the shareholders, the number of shares voted for and against, or abstaining with respect to, the amendment was:

<u>Number of Common Shares</u>	<u>Amendment</u>
<u>For</u>	24,873,136
<u>Against</u>	2,687,555
<u>Abstaining</u>	982,574

6. The Amendment adopted by the shareholders, set forth in full, is as follows:

Amendment

RESOLVED, That clause (c) of the first sentence of Article 5th of the Company's Restated Articles (which states the aggregate number of shares of Common Stock which the Company shall have authority to issue) be amended to read as follows: "(c) 60,000,000 shares of Common Stock, of the par value of \$1 per share."

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by its Chairman of the Board and by its Secretary, and its corporate seal to be

affixed, this 22nd day of April, 1981

DUQUESNE LIGHT COMPANY

By *John M. Arthur*
John M. Arthur, Chairman
of the Board

[Corporate Seal]

By *Thomas Welfer, Jr.*
Thomas Welfer, Jr.
Secretary

Filed in the Department of State on this 24th day of April,
A.D., 1981.

William L. Davis
Secretary of the Commonwealth
cr

Commonwealth of Pennsylvania



Department of State

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 24th day of April in the year of our Lord one thousand nine hundred and eighty-one and of the Commonwealth the two hundred and fifth.

William R. Davis

Secretary of the Commonwealth

CR

100616

85381321

ARTICLES OF AMENDMENT

TO THE CORPORATION BUREAU
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Section 806 of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the undersigned corporation, DUQUESNE LIGHT COMPANY, desiring to amend its Restated Articles, hereby certifies under its corporate seal that:

1. The name of the corporation is Duquesne Light Company (the "Company"), and its registered office is located at One Oxford Centre, 301 Grant Street, City of Pittsburgh, County of Allegheny, Pennsylvania 15279.

2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.

85391322

3. The meeting of the shareholders of the Company at which the amendment was adopted was held on April 30, 1985 at 10:00 o'clock A.M., E.D.T., in South Meeting Rooms 4, 6 and 8 of the David L. Lawrence Convention Center, 1101 Penn Avenue, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 11, 1985.

4. On March 1, 1985, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote, there were outstanding 65,605,234 shares of Common Stock of the Company, 2,102,841 shares of Preferred Stock of the Company, and 3,301,195 shares of Preference Stock of the Company, and of these only the 65,605,234 outstanding shares of Common Stock of the Company were entitled to vote on the amendment.

5. In the action taken by the shareholders, the number of shares voted in favor of and against the amendment was:

Voted in Favor:	42,374,320
Voted Against:	4,594,177

85381323

6. The amendment adopted by the shareholders, set forth in full, is as follows:

RESOLVED, That clause (c) of the first sentence of Article 5th of the Company's Restated Articles (which states the aggregate number of shares of Common Stock which the Company shall have authority to issue) be amended to read as follows: "(c) 90,000,000 shares of Common Stock, of the par value of \$1 per share."

85381324

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by its Chairman of the Board and President and by its Secretary, and its corporate seal to be hereunto affixed, this 7th day of May, 1985.

DUQUESNE LIGHT COMPANY

By: *John M. Arthur*
John M. Arthur
Chairman of the Board
and President

[CORPORATE SEAL]

By: *Diane S. Eismont*
Diane S. Eismont
Secretary

Filed in the Department of State on the 13th day of May, 1985.

William L. Davis
Secretary of the Commonwealth
MAY 13 1985

85381325

Commonwealth of Pennsylvania



Department of State

100615

To All to Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 13th day of May in the year of our Lord one thousand nine hundred and eighty five and of the Commonwealth the two hundred and ninth.

William L. Davis

Secretary of the Commonwealth
vod

Commonwealth of Pennsylvania

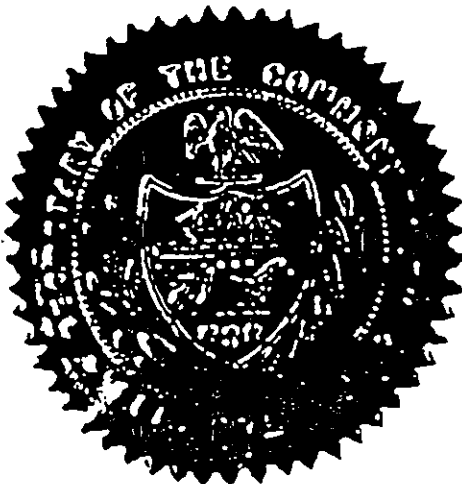


June 17, 1985

To All to Whom These Presents Shall Come: Greeting:

IN RE: "DUQUESNE LIGHT COMPANY"

I, WILLIAM R. DAVIS, Secretary of the Commonwealth of the Commonwealth of Pennsylvania do hereby certify that the foregoing and annexed is a true and correct photocopy of Articles of Amendment Restating the Articles of Incorporation in their entirety and all Amendments which appear of record in this Department.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the Secretary's Office to be affixed, the day and year above written.

William R. Davis

DUQUESNE LIGHT COMPANY

**Statement with respect to the
\$9.125 Preference Stock
(Cumulative, \$1 Par Value, \$100 Involuntary Liquidation Value)**

In compliance with the requirements of Section 602 of The Business Corporation Law, Act of May 5, 1933, P.L. 364, as amended, DUQUESNE LIGHT COMPANY, a Pennsylvania corporation, hereby certifies under its corporate seal as follows:

(1) The name of the Company is DUQUESNE LIGHT COMPANY.

(2) At a meeting of the Board of Directors of the Company duly called and held on December 19, 1978, at which a quorum was present and acting throughout, the Board adopted the following resolutions establishing and designating certain relative rights, preferences, qualifications, privileges and limitations of a series of the Preference Stock of the Company to be known as the \$9.125 Preference Stock:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles, as amended, of the Company, this Board of Directors hereby fixes, determines, creates and establishes a new series of Preference Stock consisting of 500,000 shares as follows:

The designation of the new series of Preference Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, the amounts payable in the event of voluntary or involuntary liquidation and the other terms and conditions thereof, in addition to those set forth in said Restated Articles, are as follows:

1. Designation. This series of Preference Stock shall be designated as the "\$9.125 Preference Stock".

3-1-78:54 1640

2. Dividend Rate. The fixed dividend rate shall be \$9.125 per share per annum. Dividends on said series of \$9.125 Preference Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.

3. Redemption. The redemption price for the \$9.125 Preference Stock shall be the sum of \$100 plus the applicable redemption premium set forth below plus an amount equal to all dividends accrued or in arrears thereon to the date fixed as the date of redemption. The Company may at any time or from time to time, redeem the whole or any part of the \$9.125 Preference Stock with funds derived from any source, except that the Company shall not redeem any shares of \$9.125 Preference Stock prior to January 1, 1989 as part of or in anticipation of any refunding operation involving the direct or indirect application of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$9.125 Preference Stock as to dividends or assets if the indebtedness so incurred or to be incurred has an interest cost, or the stock so issued or to be issued has a dividend cost, to the Company (calculated in accordance with generally accepted financial practice) of less than 9.125% per annum. If redeemed prior to January 1, 1980 the redemption premium shall be \$9.125 per share. Beginning on January 1, 1980 the redemption premium shall be as set forth below.

If redeemed during the 12-month period beginning January 1,

	<u>Redemption Premium</u>
1980	\$8.64
1981	8.16
1982	7.68
1983	7.20
1984	6.72
1985	6.24
1986	5.76
1987	5.28
1988	4.80
1989	4.32
1990	3.84
1991	3.36
1992	2.88
1993	2.40
1994	1.92
1995	1.44
1996	0.96
1997	0.48
1998 and thereafter	0.00

In case of the redemption of less than all of the shares of the \$9.125 Preference Stock at the time outstanding, the Company shall select the shares to be redeemed pro rata, to the nearest whole share as far as practicable, from among the respective registered holders thereof in proportion to the respective number of shares of \$9.125 Preference Stock then held by them.

4. Sinking Fund Redemption. The \$9.125 Preference Stock shall be entitled to the benefits of a sinking fund as follows:

Between October 1 and December 1 of each year, beginning with the year 1984 and continuing through and including 1997, the Company shall give notice of the redemption on the following January 1 (the "Sinking Fund Redemption Date") through the Sinking Fund hereby created of 33,300 shares of \$9.125 Preference Stock, plus such additional number of shares as may be required to eliminate all arrearages, if any, under said Sinking Fund, at a redemption price of \$100 per share together with any dividends accrued or in arrears thereon. Between October 1 and December 1, 1998 the Company shall give notice of the redemption on January 1, 1999 through the Sinking Fund of all of the then outstanding shares of \$9.125 Preference Stock at a redemption price of \$100 per share together with any dividends accrued or in arrears thereon. At its option the Company may redeem through the Sinking Fund on any Sinking Fund Redemption Date not more than 33,300 additional shares of \$9.125 Preference Stock, provided that the Company may not redeem through the exercise of this optional right more than an aggregate of 150,000 shares of \$9.125 Preference Stock. If the Company intends to exercise its right to redeem additional shares in any year, it shall state such intention in the above-described notice and specify the number of additional shares to be redeemed. To the extent that such optional right is not exercised in any year, it shall not be cumulative or carried forward to any subsequent year. The additional shares so redeemed shall not be applied to reduce or satisfy any mandatory Sinking Fund obligation. On each Sinking Fund Redemption Date the Company shall redeem the number of shares of \$9.125 Preference Stock specified in the notice of redemption. The obligations of the Company with respect to the Sinking Fund shall be subject to the prohibitions and limitations contained in the Company's Restated Articles which may affect the right of the Company to redeem outstanding shares of its Preference Stock. If and so long as the Company shall be in arrears on the redemption of shares of

3-1-73:54

1642

\$9.125 Preference Stock pursuant to this Sinking Fund, the Company may not (i) pay any dividends on, make any distributions on, or purchase or redeem any shares of stock ranking junior to the \$9.125 Preference Stock as to dividends or assets, (ii) purchase or redeem any Preference Stock or other stock ranking on a parity with or prior to the Preference Stock except pursuant to mandatory provisions of any sinking, purchase or analogous fund or (iii) purchase or redeem any shares of Preference Stock or stock ranking on a parity therewith pursuant to mandatory provisions of any sinking, purchase or analogous fund unless the redemption or purchase is made applicable to all Preference Stock and such parity stock outstanding pro rata according to the full cumulative obligations then accrued or in arrears with respect to such mandatory provisions of each such fund. The shares of \$9.125 Preference Stock redeemed for the Sinking Fund shall be selected pro rata, to the nearest whole share as far as practicable, from among the respective registered holders thereof in proportion to the respective number of shares then held by them.

5. Liquidation. The fixed involuntary liquidation price for the \$9.125 Preference Stock shall be \$100 per share together with dividends accrued or in arrears thereon and the fixed voluntary liquidation price for the \$9.125 Preference Stock shall be the applicable redemption price.

RESOLVED, that the Chairman of the Board, the President or Vice President (Fiscal) and the Secretary or Assistant Secretary of the Company be, and each of them hereby is, authorized and directed to execute under the corporate seal of the Company and to file with the Department of State of the Commonwealth of Pennsylvania a statement setting forth, establishing and designating the \$9.125 Preference Stock and fixing and determining the relative rights and preferences thereof in accordance with Section 602 of the Pennsylvania Business Corporation Law.

(3) The aggregate number of shares of such series established and designated by the foregoing resolutions is 500,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles, as amended, of the Company.

IN WITNESS WHEREOF, Duquesne Light Company has caused this Statement to be executed by its Chairman of the Board and its corporate seal to be hereunto affixed and attested by its Secretary this 19th day of December 1978.

[Corporate Seal]

DUQUESNE LIGHT COMPANY

Attest:

By John M. Arthur
John M. Arthur,
Chairman of the Board

H. W. Staas
H. W. Staas, Secretary

Filed in the Department of State on the 21st day of December 1978.

Barton A. Field
Secretary of the Commonwealth
ec

(THIS PAGE LEFT INTENTIONALLY BLANK)

3-1-78:18 1808

100616

ARTICLES OF AMENDMENT

To The Corporation Bureau
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Section 806 of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the undersigned corporation, DUQUESNE LIGHT COMPANY, desiring to amend its Restated Articles, hereby certifies under its corporate seal that:

1. The name of the Company is Duquesne Light Company, and its registered office is located at 435 Sixth Avenue, City of Pittsburgh, Pennsylvania 15219, County of Allegheny.

2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.

3. The meeting of the shareholders of the Company at which the amendments were adopted was held on April 18, 1978, at 11:00 o'clock A.M., Pittsburgh Time, in the Terrace Room, William Penn Hotel, William Penn Place, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 18 through 21, 1978.

3-1-78:18 1809

4. On February 24, 1978, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote, there were outstanding and entitled to vote on the two amendments set forth below 31,750,000 shares of Common Stock of the Company and there were outstanding and entitled to vote on Amendment No. 1 set forth below 3,495,000 shares of Preference Stock of the Company.

5. In the action taken by the shareholders, the number of shares voted in favor of and against each of the amendments was:

	<u>Amendment No. 1</u>	<u>Amendment No. 2</u>
<u>No. of Common Shares</u>		
<u>In Favor</u>	19,070,221	20,607,765
<u>Against</u>	1,827,647	1,780,854
	<u>Amendment No. 1</u>	<u>Amendment No. 2</u>
<u>No. of Preference Shares</u>		
<u>In Favor</u>	2,076,001	NOT ENTITLED
<u>Against</u>	152,242	TO VOTE

6. The Amendments adopted by the shareholders, set forth in full, are as follows:

Amendment No. 1

RESOLVED, That clause (b) of the first sentence of Article 5th of the Company's Restated Articles (which states the aggregate number of shares of Preference Stock which the Company shall have authority to issue) be amended to read as follows: "(b) 8,000,000 shares of Preference Stock, of the par value of \$1 per share; and"

3-1-78:18 1810

Amendment No. 2

RESOLVED, That clause (c) of the first sentence of Article 5th of the Company's Restated Articles (which states the aggregate number of shares of Common Stock which the Company shall have authority to issue) be amended to read as follows: "(c) 45,000,000 shares of Common Stock, of the par value of \$1 per share."

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by its Chairman of the Board and by its Secretary, and its corporate seal to be hereunto affixed, this 21st day of April, 1978.

DUQUESNE LIGHT COMPANY

By *John M. Arthur*
John M. Arthur, Chairman
of the Board

[Corporate Seal]

By *H. W. Staas*
H. W. Staas, Secretary

Filed in the Department of State on the 3rd day of May,
A.D., 1978.

Barton A. Fields
Secretary of the Commonwealth

(THIS PAGE LEFT INTENTIONALLY BLANK)

3-1-78:20 663

100616

DUQUESNE LIGHT COMPANY

Statement with respect to the
\$8.375 Preferred Stock
(Cumulative, \$50 Par Value, \$100 Involuntary Liquidation Value)

In compliance with the requirements of Section 602 of The Business Corporation Law, Act of May 5, 1933, P.L. 364, as amended, DUQUESNE LIGHT COMPANY, a Pennsylvania corporation, hereby certifies under its corporate seal as follows:

(1) The name of the Company is DUQUESNE LIGHT COMPANY.

(2) At a meeting of the Board of Directors of the Company duly called and held on March 21, 1978, at which a quorum was present and acting throughout, the Board adopted the following resolutions establishing and designating certain relative rights, preferences, qualifications, privileges and limitations of a series of the Preferred Stock of the Company to be known as the \$8.375 Preferred Stock as follows:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles, as amended, of the Company, this Board of Directors hereby fixes, determines, creates and establishes a new series of Preferred Stock consisting of 300,000 shares as follows:

3-1-78:20 664

The designation of the new series of Preferred Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, the amounts payable in the event of voluntary or involuntary liquidation and the other terms and conditions thereof, in addition to those set forth in said Restated Articles, are as follows:

1. Designation. This series of Preferred Stock shall be designated as the "\$8.375 Preferred Stock".

2. Dividend Rate. The fixed dividend rate shall be \$8.375 per share per annum. Dividends on the \$8.375 Preferred Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of this series of Preferred Stock.

3. Redemption. The redemption price for the \$8.375 Preferred Stock shall be the sum of \$100 per share plus the applicable redemption premium set forth below plus an amount equal to all dividends accrued or in arrears thereon to the date fixed as the date of redemption. If redeemed prior to April 1, 1988 the redemption premium of the \$8.375 Preferred Stock shall be \$12 per share; provided that the Company shall not redeem any shares of \$8.375 Preferred Stock prior to April 1, 1983 as part of or in anticipation of any refunding operation involving the direct or indirect application of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$8.375 Preferred Stock as to dividends or assets if the indebtedness so incurred or to be incurred has an interest cost, or the stock so issued or to be issued has a dividend cost, to the Company (calculated in accordance with generally accepted financial practice) of less than 8.375% per annum.

3-1-78:20 665

Beginning on April 1, 1988 the redemption premium of the \$8.375 Preferred Stock shall be as set forth below:

If redeemed during the 12-month period beginning April 1,

	<u>Redemption Premium</u>
1988	\$5.03
1989	4.69
1990	4.36
1991	4.02
1992	3.69
1993	3.35
1994	3.02
1995	2.68
1996	2.35
1997	2.01
1998	1.68
1999	1.34
2000	1.01
200167
200234
2003 and thereafter .	0

In case of the redemption of less than all of the shares of the \$8.375 Preferred Stock at the time outstanding, the Company shall select the shares to be redeemed pro rata, to the nearest whole share as far as practicable, from among the respective registered holders thereof in proportion to the respective number of shares of \$8.375 Preferred Stock then held by them.

4. Sinking Fund Redemption. The \$8.375 Preferred Stock shall be entitled to the benefits of a sinking fund as follows:

Between January 1 and March 1 of each year, beginning with the year 1984 and continuing so long as any of the \$8.375 Preferred Stock is outstanding, the Company shall give notice of the redemption

3-1-78:20 666

on the following April 1 (the "Sinking Fund Redemption Date") through the Sinking Fund hereby created of 12,000 shares of \$8.375 Preferred Stock, plus such additional number of shares as may be required to eliminate all arrearages, if any, under said Sinking Fund, at a redemption price of \$100 per share together with any dividends accrued or in arrears thereon. At its option the Company may redeem through the Sinking Fund on any Sinking Fund Redemption Date not more than 12,000 additional shares of \$8.375 Preferred Stock. If the Company intends to exercise its right to redeem additional shares in any year, it shall state such intention in the above-described notice and specify the number of additional shares to be redeemed. To the extent that such optional right is not exercised in any year, it shall not be cumulative or carried forward to any subsequent year. The additional shares so redeemed shall not be applied to reduce or satisfy any mandatory Sinking Fund obligation. On each Sinking Fund Redemption Date the Company shall redeem the number of shares of \$8.375 Preferred Stock specified in the notice of redemption. The obligations of the Company with respect to the Sinking Fund shall be subject to the prohibitions and limitations contained in the Company's Restated Articles which may affect the right of the Company to redeem outstanding shares of its Preferred Stock. If and so long as the Company shall be in arrears on the redemption of shares of \$8.375 Preferred Stock pursuant to this Sinking Fund, the Company may not (i) make or declare any junior stock payment, (ii) purchase or redeem any Preferred Stock or other stock ranking on a parity with or prior to the Preferred Stock except pursuant to mandatory provisions of any sinking, purchase or analogous fund, or (iii) purchase or redeem any shares of Preferred Stock or stock ranking on a parity therewith pursuant

3-1-78:20 667

to mandatory provisions of any sinking, purchase or analogous fund unless the redemption or purchase is made applicable to all Preferred Stock and such parity stock outstanding pro rata according to the full cumulative obligations then accrued or in arrears with respect to such mandatory provisions of each such fund. The shares of \$8.375 Preferred Stock redeemed for the Sinking Fund shall be selected pro rata, to the nearest whole share as far as practicable, from among the respective registered holders thereof in proportion to the respective number of shares then held by them.

5. Liquidation. The fixed voluntary or involuntary liquidation price for the \$8.375 Preferred Stock shall be \$100 per share together with dividends accrued or in arrears thereon.

6. Additional Voting Rights. So long as any shares of the \$8.375 Preferred Stock are outstanding the Company shall not (i) without the consent (given in writing or by vote of the \$8.375 Preferred Stock, separately and not as part of the class of the Preferred Stock, at a meeting called for the purpose) of the holders of all the then issued and outstanding shares of \$8.375 Preferred Stock, reduce the fixed dividend rate or fixed liquidation price of the outstanding \$8.375 Preferred Stock determined herein by the Board of Directors or (ii) without the consent (given in writing or by vote of the \$8.375 Preferred Stock, separately and not as part of the class of the Preferred Stock, at a meeting called for the purpose) of the holders of at least two-thirds of the then issued and outstanding shares of \$8.375 Preferred Stock, otherwise amend, alter or repeal any of the rights, preferences or powers of the outstanding \$8.375 Preferred Stock fixed in the Company's Restated Articles or determined herein by the Board of Directors so as to affect adversely any such rights, powers or preferences of the \$8.375

3-1-78:20 663

Preferred Stock without so adversely affecting such rights, powers or preferences of all outstanding Preferred Stock, provided that in either case no such consent of the holders of the \$8.375 Preferred Stock shall be required if, at or prior to the time of the act with respect to which such consent would otherwise be required, provision is made for the redemption of all shares of the \$8.375 Preferred Stock at the time outstanding at the then applicable redemption price fixed in Section 3 hereof.

RESOLVED, that the Chairman of the Board, the President or Vice President (Fiscal) and the Secretary or Assistant Secretary of the Company be, and hereby they are, authorized and directed to execute under the corporate seal of the Company and to file with the Department of State of the Commonwealth of Pennsylvania a statement setting forth, establishing and designating the \$8.375 Preferred Stock and fixing and determining the relative rights and preferences thereof in accordance with Section 602 of the Pennsylvania Business Corporation Law.

(3) The aggregate number of shares of such series established and designated by the foregoing resolutions is 300,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles, as amended, of the Company.

IN WITNESS WHEREOF, Duquesne Light Company has caused this Statement to be executed by its Chairman of the Board and

100616

DUQUESNE LIGHT COMPANY

Statement with respect to the
\$2.315 Preference Stock
(Cumulative, \$1 Par Value, \$25 Involuntary Liquidation Value)

In compliance with the requirements of Section 602 of the Business Corporation Law, Act of May 5, 1933, P. L. 364, as amended, DUQUESNE LIGHT COMPANY, a Pennsylvania corporation, hereby certifies under its corporate seal as follows:

(1) The name of the Company is DUQUESNE LIGHT COMPANY.

(2) At a meeting of the Board of Directors of the Company duly called and held on March 8, 1976, at which a quorum was present and acting throughout, the Board adopted the following resolutions establishing and designating certain relative rights, preferences, qualifications, privileges, and limitations of a series of the Preference Stock of the Company to be known as the \$2.315 Preference Stock as follows:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles of the Company, this Board of Directors does hereby create and establish a new series of Preference Stock consisting of 1,200,000 shares as follows:

The designation of said series of Preference Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, the amounts payable in the event of voluntary or involuntary liquidation, and the other terms and conditions thereof are as follows:

(THIS PAGE LEFT INTENTIONALLY BLANK)

3-1-76:10 561

1. Designation. The said series of Preference Stock shall be designated as the "\$2.315 Preference Stock".

2. Dividend Rate. The fixed dividend rate shall be \$2.315 per share per annum. Dividends on said series of Preference Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.

3. Redemption. The redemption prices for the \$2.315 Preference Stock shall be the sum of the following: \$25 per share plus a premium of \$2.30 per share if redeemed prior to April 1, 1981; of \$1.60 per share if redeemed on or after April 1, 1981 and prior to April 1, 1986; of \$.90 per share if redeemed on or after April 1, 1986 and prior to April 1, 1991; and of \$.25 per share if redeemed on or after April 1, 1991, plus in any case, an amount equal to all dividends accrued or in arrears on such Stock to the date of redemption; provided, however, that the Company will not, prior to April 1, 1981, redeem any shares of \$2.315 Preference Stock if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds of the proceeds of an issue of any stock ranking prior to or on a parity with the \$2.315 Preference Stock as to dividends or assets if such borrowed funds or such stock have an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) less than 9.26% per annum.

4. Liquidation. The fixed liquidation price for the \$2.315 Preference Stock shall be \$25 per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

.RESOLVED, that the Chairman of the Board, the President or any Vice President and the Secretary or any Assistant Secretary of the Company be, and hereby they are, authorized and directed to execute under the corporate seal of the Company and to file with the Department of State of the Commonwealth of Pennsylvania, a statement setting forth, establishing and designating the \$2.315 Preference Stock and fixing and determining the relative rights and preferences thereof, in accordance with Section 602 of the Pennsylvania Business Corporation Law.

3-1-76:10 562

(3) The aggregate number of shares of such series established and designated by the foregoing resolutions is 1,200,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles of the Company.

IN WITNESS WHEREOF, the Duquesne Light Company has caused this Statement to be executed by its Chairman of the Board and its corporate seal to be hereunto affixed and attested by its Secretary this 8th day of March, 1976.

[CORPORATE SEAL]

DUQUESNE LIGHT COMPANY

Attest:

By

John M. Arthur
Chairman of the Board

Howard W. Staas
Howard W. Staas, Secretary

Filed in the Department of State on the 10th day of March, 1976.

C. McLaughlin Tucker
Secretary of the Commonwealth

fmk/as

(THIS PAGE LEFT INTENTIONALLY BLANK)

100616

DUQUESNE LIGHT COMPANY

Statement with respect to the
\$2.10 Preference Stock
(Cumulative, \$1 Par Value, \$25 Involuntary Liquidation Value)

In compliance with the requirements of Section 602 of The Business Corporation Law, Act of May 5, 1933, P.L. 364, as amended, DUQUESNE LIGHT COMPANY, a Pennsylvania corporation, hereby certifies under its corporate seal as follows:

(1) The name of the Company is DUQUESNE LIGHT COMPANY.

(2) At a meeting of the Board of Directors of the Company duly called and held on April 19, 1977, at which a quorum was present and acting throughout, the Board adopted the following resolutions establishing and designating certain relative rights, preferences, qualifications, privileges and limitations of a series of the Preference Stock of the Company to be known as the \$2.10 Preference Stock as follows:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles, as amended, of the Company, this Board of Directors does hereby create and establish a new series of Preference Stock consisting of 1,200,000 shares as follows:

The designation of said series of Preference Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, the amounts payable in the event of voluntary or involuntary liquidation, and the other terms and conditions thereof are as follows:

3-1-77:19 1412

1. Designation. The said series of Preference Stock shall be designated as the "\$2.10 Preference Stock".

2. Dividend Rate. The fixed dividend rate shall be \$2.10 per share per annum. Dividends on said series of Preference Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.

3. Redemption. The redemption prices for the \$2.10 Preference Stock shall be the sum of the following: \$25 per share plus a premium of \$2.10 per share if redeemed prior to April 1, 1982; of \$1.40 per share if redeemed on or after April 1, 1982 and prior to April 1, 1987; of \$.70 per share if redeemed on or after April 1, 1987 and prior to April 1, 1992; and without premium if redeemed on or after April 1, 1992, plus in any case, an amount equal to all dividends accrued or in arrears on such Stock to the date of redemption; provided, however, that the Company will not, prior to April 1, 1982, redeem any shares of \$2.10 Preference Stock if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$2.10 Preference Stock as to dividends or assets if such borrowed funds or such stock have an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) less than 8.40% per annum.

4. Liquidation. The fixed liquidation price for the \$2.10 Preference Stock shall be \$25 per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

RESOLVED, that the Chairman of the Board, the President or Vice President (Fiscal) and the Secretary or Assistant Secretary of the Company be, and hereby

they are, authorized and directed to execute under the corporate seal of the Company and to file with the Department of State of the Commonwealth of Pennsylvania, a statement setting forth, establishing and designating the \$2.10 Preference Stock and fixing and determining the relative rights and preferences thereof, in accordance with Section 602 of the Pennsylvania Business Corporation Law.

(3) The aggregate number of shares of such series established and designated by the foregoing resolutions is 1,200,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles of the Company.

IN WITNESS WHEREOF, the Duquesne Light Company has caused this Statement to be executed by its Chairman of the Board and its corporate seal to be hereunto affixed and attested by its Secretary this 19th day of April, 1977.

[Corporate Seal]

DUQUESNE LIGHT COMPANY

Attest:

By John M. Arthur
Chairman of the Board

Howard W. Staas
Howard W. Staas, Secretary

Filed in the Department of State on the 22nd day of April, 1977.

C. DeLoach Tucker
Secretary of the Commonwealth

(THIS PAGE LEFT INTENTIONALLY BLANK)

ARTICLES OF AMENDMENT

To The Corporation Bureau
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Section 806 of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the undersigned corporation, DUQUESNE LIGHT COMPANY, desiring to amend its Articles, hereby certifies under its corporate seal that:

1. The name of the Company is Duquesne Light Company, and its registered office is located at 435 Sixth Avenue, City of Pittsburgh, Pennsylvania 15219, County of Allegheny.
2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.
3. The meeting of the shareholders of the Company at which the amendments were adopted was held on April 22, 1975, at 11:00 o'clock A.M., E.D.S.T., in the Pittsburgh Room, William

Penn Hotel, William Penn Place, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 19, 1975.

4. On February 28, 1975, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote, there were outstanding and entitled to vote on all three amendments set forth below 23,400,000 shares of Common Stock of the Company, there were outstanding and entitled to vote on Amendments Nos. 1 and 2 set forth below 1,425,000 shares of Preference Stock of the Company and there were outstanding and entitled to vote on Amendment No. 1 only set forth below 1,863,689 shares of Preferred Stock of the Company.

5. In the action taken by the shareholders, the number of shares voted in favor of and against each of the amendments was:

	<u>Amendment No. 1</u>	<u>Amendment No. 2</u>	<u>Amendment No. 3</u>
<u>No. of Common Shares</u>			
<u>In Favor</u>	<u>15,014,856</u>	<u>15,011,139</u>	<u>15,888,729</u>
<u>Against</u>	<u>1,193,001</u>	<u>1,196,233</u>	<u>1,350,285</u>

	<u>Amendment No. 1</u>	<u>Amendment No. 2</u>	<u>Amendment No. 3</u>
<u>No. of Preference Shares</u>			
<u>In Favor</u>	<u>802,381</u>	<u>847,191</u>	NOT ENTITLED
<u>Against</u>	<u>117,998</u>	<u>73,188</u>	TO VOTE
 <u>No. of Preferred Shares</u>			
<u>In Favor</u>	<u>1,329,781</u>	NOT ENTITLED	NOT ENTITLED
<u>Against</u>	<u>60,445</u>	TO VOTE	TO VOTE

6. The Amendments adopted by the shareholders, set forth in full, are as follows:

Amendment No. 1

RESOLVED, That clause (a) of the first sentence of Article 5th of the Company's Articles (which states the aggregate number of shares of Preferred Stock which the Company shall have authority to issue) be amended to read as follows: "(a) 4,000,000 shares of Preferred Stock, of the par value of \$50 per share;"

Amendment No. 2

RESOLVED, That clause (b) of the first sentence of Article 5th of the Company's Articles (which states the aggregate number of shares of Preference Stock which the Company shall have authority to issue) be amended to read as follows: "(b) 5,000,000 shares of Preference Stock, of the par value of \$1 per share; and"

Amendment No. 3

RESOLVED, That clause (c) of the first sentence of Article 5th of the Company's Articles (which states the aggregate number of shares of Common Stock which the Company shall have authority to issue) be amended to read as follows: "(c) 35,000,000 shares of Common Stock, of the par value of \$1 per share."

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by its Chairman of the Board and by its Secretary, and its corporate seal to be hereunto affixed, this 22nd day of April 1975.

DUQUESNE LIGHT COMPANY

By *John M. Arthur*
John M. Arthur, Chairman
of the Board

[Corporate Seal]

By *Howard W. Staas*
Howard W. Staas, Secretary

Filed in the Department of State on the 25th day of April, A.D., 1975.

C. McLaughlin Tucker

Secretary of the Commonwealth

3-1-75:13 1965

Commonwealth of Pennsylvania



Department of State

To All To Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be Sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this
_____ 25th _____ day of _____ April _____
in the year of our Lord one thousand nine hundred
and _____ seventy-five _____ and of
the Commonwealth the one hundred and _____
ninety-ninth.

(THIS PAGE LEFT INTENTIONALLY BLANK)

DUQUESNE LIGHT COMPANY

Statement with respect to the
\$2.75 Preference Stock
(Cumulative, \$1 Par Value, \$25 Involuntary Liquidation Value)

In compliance with the requirements of Section 602 of the Business Corporation Law, Act of May 5, 1933, P. L. 364, as amended, DUQUESNE LIGHT COMPANY, a Pennsylvania corporation (the "Corporation"), hereby certifies under its corporate seal as follows:

- (1) The name of the Corporation is DUQUESNE LIGHT COMPANY.
- (2) At a meeting of the Board of Directors of the Corporation duly called and held on July 29, 1974, at which a quorum was present and acting throughout, the Board adopted the following resolutions establishing and designating certain relative rights, preferences, qualifications, privileges, and limitations of a series of the Preference Stock of the Corporation to be known as the \$2.75 Preference Stock as follows:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles of the Company, this Board of Directors does hereby create and establish a new series of Preference Stock consisting of 1,100,000 shares as follows:

The designation of said series of Preference Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, the amounts payable in the event of voluntary or involuntary liquidation, and the other terms and conditions thereof are as follows:

1. Designation. The said series of Preference Stock shall be designated as the "\$2.75 Preference Stock".
2. Dividend Rate. The fixed dividend rate shall be \$2.75 per share per annum. Dividends on said series of Preference Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.
3. Redemption. The redemption prices for the \$2.75 Preference Stock shall be the sum of the following: \$25 per share plus a premium of \$2.75 per share if redeemed prior to August 1, 1984; of \$1.50 per share if redeemed on or after August 1, 1984 and prior to August 1, 1989; and of \$0.25 per share if redeemed on or after August 1, 1989, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption; provided, however, that the Company will not, prior to August 1, 1984, redeem any shares of \$2.75 Preference Stock if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$2.75 Preference Stock as to dividends or assets if such borrowed funds or such stock have an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) less than 11% per annum.
4. Sinking Fund Redemption. The \$2.75 Preference Stock shall be entitled to the benefits of a sinking fund as follows:

Between May 1 and July 1 of each year, beginning with the year 1975 and continuing so long as any of the \$2.75 Preference Stock is outstanding, the Company shall give notice of the redemption on the following August 1 (the "Sinking Fund Redemption Date"), through the

3-1-74.31

Sinking Fund hereby created, of 55,000 shares of the \$2.75 Preference Stock at a redemption price of \$25 per share, together with any dividends accrued or in arrears thereon, provided, however, that the number of shares to be redeemed shall be reduced by the number of shares of (a) \$2.75 Preference Stock which are acquired by the Company before May 1 for credit against the Sinking Fund and not previously so credited, and (b) any specified shares of \$2.75 Preference Stock as to which the Company obtains before May 1 the unconditional right to purchase on the Sinking Fund Redemption Date. At its option the Company may redeem through the Sinking Fund on the Sinking Fund Redemption Date in any one or more of the years beginning with the year 1975 not more than 55,000 additional shares: If the Company intends to exercise its right to redeem such optional shares in any year, it shall state such intention in the above-described notice and specify the number of additional shares to be redeemed. To the extent that such optional right is not exercised in any year, it shall not be cumulative or carried forward to any subsequent year. The redemption of such additional shares shall not be applied to reduce or satisfy any mandatory Sinking Fund payment. On the Sinking Fund Redemption Date, the Company shall redeem the number of shares of \$2.75 Preference Stock specified in the notice of redemption and purchase the shares of \$2.75 Preference Stock covered by such rights to purchase. The obligations of the Company with respect to the Sinking Fund shall be subject to the prohibitions and limitations contained in the Company's Restated Articles which may affect the right of the Company to redeem outstanding shares of its Preference Stock. If and so long as the Company shall be in arrears in the redemption of shares of \$2.75 Preference Stock pursuant to this Sinking Fund, the Company may not (i) pay any dividends on, make any distributions on, or purchase or redeem any shares of stock ranking junior to the \$2.75 Preference Stock, (ii) purchase or redeem any Preference Stock or other stock ranking on a parity with or prior to the Preference Stock except pursuant to mandatory provisions of any sinking, purchase or analogous fund, or (iii) purchase or redeem any shares of Preference Stock or stock ranking on a parity therewith pursuant to mandatory provisions of any sinking, purchase or analogous fund unless the redemption or purchase is made applicable to all Preference Stock and such parity stock outstanding pro rata according to the full cumulative obligations then accrued or in arrears with respect to such mandatory provisions of each such fund.

3-1-74.31 687

5. Liquidation. The fixed liquidation price for the \$ 2.75 Preference Stock shall be \$25 per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

RESOLVED, that the Chairman of the Board, the President or any Vice President and the Secretary or any Assistant Secretary of the Company be, and hereby they are, authorized and directed to execute under the corporate seal of the Company and to file with the Department of State of the Commonwealth of Pennsylvania, a statement setting forth, establishing and designating the \$2.75 Preference Stock and fixing and determining the relative rights and preferences thereof, in accordance with Section 602 of the Pennsylvania Business Corporation Law.

(3) The aggregate number of shares of such series established and designated by the foregoing resolutions is 1,100,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles of the Corporation.

IN WITNESS WHEREOF, Duquesne Light Company has caused this Statement to be executed by its Chairman of the Board and its corporate seal to be hereunto affixed and attested by its Assistant Secretary this 1st day of August, 1974.

[CORPORATE SEAL]

DUQUESNE LIGHT COMPANY

Attest:

By John M. Arthur
John M. Arthur
Chairman of the Board

Joan S. Senchyshyn
Joan S. Senchyshyn
Assistant Secretary

Filed in the Department of State on the 2nd day of

C. H. ...

DUQUESNE LIGHT COMPANY

Statement with respect to
\$7.50 Preference Stock,
Being a series of Preference Stock
(Cumulative, \$1 Par Value, \$100 Involuntary Liquidation Value)

In compliance with the requirements of Section 602 of the Business Corporation Law, Act of May 5, 1933, P. L. 364, as amended, DUQUESNE LIGHT COMPANY, a Pennsylvania corporation (the "Corporation"), hereby certifies under its corporate seal as follows:

- (1) The name of the Corporation is DUQUESNE LIGHT COMPANY.
- (2) At a meeting of the Board of Directors of the Corporation duly called and held on April 17, 1973, at which a quorum was present and acting throughout, the Board adopted the following resolutions establishing and designating certain relative rights, preferences, qualifications, privileges, and limitations of a class of the Company's capital stock known as Preference Stock and the initial series thereof to be known as the \$7.50 Preference Stock as follows:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by Division B, Subdivision 2.1 of the Restated Articles of the Company, this Board of Directors does hereby establish the following voting rights for the holders of all series of Preference Stock of the Company ever to be issued by the Company.

A. On any matter on which the holders of Preference Stock shall be entitled to vote they shall be entitled to one vote for each share held, except as specifically provided in Division D, Subdivision 4.1 of the Restated Articles of the Company.

B. If and whenever dividends payable on any series of the Preference Stock shall be in default in an amount equivalent to one and one-half times the annual dividend rate or more per share and thereafter until all dividends on the Preference Stock in arrears shall have been paid or declared and set apart for payment, the holders of the Preference Stock of all series voting together as a class shall be entitled to elect two members of the Board of Directors. Upon any such election holders of the Preference Stock will have the right to cumulate their votes as provided in Division D, Subdivision 4.1 of the Restated Articles of the Company. When all dividends in arrears on the Preference Stock and the current dividend thereon shall have been paid or declared and set apart for payment, all voting rights given by this subparagraph B shall be divested from the Preference Stock, subject to being at any time, and from time to time, similarly revived and divested.

C. Upon the accrual of the right of the holders of the Preference Stock to elect two members of the Board of Directors as herein provided, the Secretary of the Company shall call a special meeting of the stockholders of the Company for the purpose of electing a new Board of Directors, to be held not less than 45 nor more than 60 days after the accrual of such right; provided, that no such special meeting shall be called if the date of such accrual of such right shall be less than 120 days prior to the date fixed by the by-laws of the Company for the next annual meeting of stockholders.

D. The notice of any such special meeting and of any annual meeting of the Company at which the holders of the Preference Stock shall have the right to elect two Directors shall state (1) that by reason of the fact that the Company has defaulted in the payment of dividends payable on the Preference Stock in an amount equivalent to one and one-half times the annual dividend rate or more per share, the holders of the Preference Stock, voting together as a class, are entitled to elect two members of the Board of Directors; (2) that any holder of Preference Stock has the right at any reasonable time to inspect and make copies of the list or lists of the holders of Preference Stock maintained at the principal office of the Company or at the office of any transfer agent for the Preference Stock; and (3) the substance of the next succeeding paragraph with respect to the number of shares of Preference Stock required to be represented at any meeting or adjournment thereof for the election of Directors of the Company at which such holders have the right to elect two members of the Board of Directors.

E. At any such special or annual meeting at which the holders of the Preference Stock shall have the right to elect Directors, the presence in person or by proxy of the holders of a majority of the outstanding Preference Stock shall be required to constitute a quorum of such class; provided, however, that the absence of a quorum of the holders of the Preference Stock shall not prevent the election at any such meeting or adjournment thereof of Directors by any other class of stock of the Company entitled to elect Directors if the required quorum of such other class is present; provided further that in the absence of a quorum of the holders of Preference Stock a majority of the holders of the Preference Stock who are present in person or by proxy shall have power to adjourn the election of the Directors to be elected by the Preference Stock to a date not less than 25 days nor more than 60 days from the date of such original meeting. At any such adjourned meeting the presence in person or by proxy of the holders of 25% of the outstanding Preference Stock shall constitute a quorum of such class for the election of Directors.

F. In the event any such election of Directors by the Preference Stock shall be adjourned as aforesaid, the Secretary of the Company shall within 10 days after the date of the original meeting, cause notice of the adjourned meeting to be given to all holders of the Preference Stock. Such notice shall contain substantially the statements herein required with respect to the original meeting, and shall further state that the required quorum of the holders of the Preference Stock was not present at such original meeting and that the holders of 25% of the outstanding Preference Stock will constitute a quorum of such class for the election of Directors at such adjourned meeting.

G. If the requisite quorum of holders of the Preference Stock shall not be present at such adjourned meeting of the holders of the Preference Stock, no members of the Board of Directors shall be elected by the holders of the Preference Stock, subject, however, to their right to elect Directors at the next annual meeting of stockholders.

H. Whenever, under the foregoing subparagraphs, the rights of the holders of the Preference Stock to elect two members of the Board of Directors of the Company shall terminate, the terms of such Directors shall be deemed to have expired as of such time and their positions on the Board of Directors shall be deemed to be vacant.

I. Any vacancy, other than vacancies resulting from the expiration of their terms, among Directors elected by the holders of Preference Stock pursuant hereto may be filled (i) by plurality vote of the shares of the Preference Stock at any annual meeting of stockholders or at a special meeting of the holders of the Preference Stock which may be called for such purpose, or (ii) pending such action, by the affirmative vote of the remaining Director elected by vote of the shares of the Preference Stock, or succeeding to a director or directors so elected.

In any such case, any Director so elected shall hold office, subject to the provisions of these resolutions and Division D, Subdivision 4.1 of the Restated Articles of the Company, until the next annual meeting of stockholders or the next special meeting of the holders of the Preference Stock called pursuant to clause (i) above and until his successor shall have been duly elected and qualified.

J. So long as any shares of the Preference Stock are outstanding, the Company shall not, without the consent (given in writing or by vote of the Preference Stock as a class at a meeting called for the purpose) of the holders of at least two-thirds of the then issued and outstanding shares of Preference Stock,

(1) amend, alter or repeal any of the rights, preferences or powers of the outstanding Preference Stock of any series so as to affect adversely any such rights, preferences or powers; or

(2) create or authorize any shares of any class of stock ranking prior to the Preference Stock as to dividends or assets; provided, however, that the foregoing shall not apply to the authorization of shares of Preferred Stock of the par value of \$50 per share in addition to the 3,000,000 shares of such stock presently authorized.

K. So long as any shares of the Preference Stock are outstanding, the Company shall not, without the consent (given in writing or by vote of the Preference Stock as a class at a meeting called for the purpose) of the holders of at least a majority of the then issued and outstanding shares of Preference Stock,

(1) create or authorize any shares of
(i) Preferred Stock of the par value of \$50 per share in addition to the 3,000,000 shares of such stock presently authorized, or
(ii) Preference Stock in addition to the 2,250,000 shares of such stock presently authorized, or (iii) any other class of stock ranking on a parity with the Preference Stock as to dividends or assets; or

(2) merge or consolidate with or into any other corporation or corporations or sell, lease, or otherwise dispose of all or substantially all of its assets, unless such merger, consolidation, sale, lease or other disposition or the issuance or assumption of all securities to be issued or assumed in connection therewith, shall have been ordered, permitted or approved by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 as now in effect or as hereafter amended or by any successor commission or other regulatory authority of the United States of America having jurisdiction in the premises; but the provisions of this clause (2) shall not apply to a purchase or other acquisition by the Company of franchises (including franchises and rights granted by corporate charter) or assets of another corporation.

L. Notwithstanding the foregoing provisions, it shall not be necessary to obtain any affirmative vote or written consent of holders of Preference Stock under any provision of subparagraphs (J) and (K) of this resolution in respect of any matter therein specified, if, in connection with the accomplishment of such matter, provision is to be made simultaneously for the concurrent redemption or retirement in full of all of the Preference Stock at the time outstanding.

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles of the Company, this Board of Directors does hereby create and establish a new series of Preference Stock consisting initially of 325,000 shares as follows:

The designation of said series of Preference Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, the amounts payable in the event of voluntary or involuntary liquidation, and the other terms and conditions thereof are as follows:

1. Designation. The said series of Preference Stock shall be designated as the "\$7.50 Preference Stock".

2. Dividend Rate. The fixed dividend rate shall be \$7.50 per share per annum. Dividends on said series of Preference Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.

3. Redemption. The redemption prices for the \$7.50 Preference Stock shall be the sum of the following: \$100 per share plus a premium of \$12.00 per share if redeemed on or prior to April 1, 1983; of \$5.00 per share if redeemed thereafter and on or prior to April 1, 1986; of \$3.00 per share if redeemed thereafter and on or prior to April 1, 1989; and of \$1.00 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption; provided, however, that the Company will not, prior to April 1, 1978, redeem any shares of \$7.50 Preference Stock if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$7.50 Preference Stock as to dividends or assets if such borrowed funds or such stock have an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) less than 7-1/2% per annum. In the case of the redemption of less than all of the shares of the \$7.50 Preference Stock at the time outstanding, the Company shall select the shares to be redeemed pro rata, to the nearest whole share as far as practicable, from among the respective registered owners thereof in proportion to the respective number of shares of \$7.50 Preference Stock then owned by them.

4. Liquidation. The fixed liquidation price for the \$7.50 Preference Stock shall be \$100 per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

5. Purchase Fund. As an additional term and condition of the \$7.50 Preference Stock, the Company shall purchase shares of \$7.50 Preference Stock as follows:

Each original holder of \$7.50 Preference Stock shall have the right to tender to the Company, and the Company shall be obligated to purchase, at \$100 per share, on April 1, 1978, and each April 1 thereafter, so long as shares of \$7.50 Preference Stock are outstanding, up to 4% of the number of shares of \$7.50 Preference Stock originally acquired by such holder upon the original issue thereof. Upon every transfer of \$7.50 Preference Stock the number of shares which the transferor would otherwise be entitled to tender pursuant to this purchase fund on the April 1 next following such transfer (or April 1, 1978 if later) and on each April 1 thereafter shall be apportioned between the transferor and transferee, on the basis of the number of shares held by the transferor immediately prior to such transfer, in proportion to the number of such shares held by each of such transferor and transferee immediately after such transfer rounded to the nearest whole share; provided that the transferee shall not be entitled to tender shares pursuant to this purchase fund if the number of shares so apportioned to such transferee is less than forty shares. The right to tender shares pursuant to this purchase fund shall be noncumulative from year to year, but such right shall be cumulative with respect to any shares properly tendered and not purchased. The obligation of the Company to make such purchases shall be subject to the prohibitions

and limitations contained in the Company's Restated Articles which may affect the right of the Company to purchase outstanding shares of its Preference Stock. If and so long as the Company shall be in arrears in the purchase of shares of \$7.50 Preference Stock properly tendered to it pursuant to this purchase fund, the Company may not (i) pay any dividends on, make any distributions on, or purchase or redeem any shares of stock ranking junior to the \$7.50 Preference Stock, (ii) purchase or redeem any shares of Preference Stock or stock ranking on a parity therewith unless the redemption or purchase offer is made applicable to all Preference Stock outstanding on a pro rata basis, or (iii) purchase or redeem any of its Preferred Stock or other stock ranking prior to the Preference Stock except pursuant to mandatory provisions of any sinking, purchase or analogous fund.

RESOLVED, that the Chairman of the Board, the President or any Vice President and the Secretary or any Assistant Secretary of the Company be, and hereby they are, authorized and directed to execute under the corporate seal of the Company and to file with the Department of State of the Commonwealth of Pennsylvania, a statement setting forth the foregoing voting rights of the holders of all shares of Preference Stock and establishing and designating the \$7.50 Preference Stock and fixing and determining the relative rights and preferences thereof, in accordance with Section 602 of the Pennsylvania Business Corporation Law.

(3) The aggregate number of shares of such series established and designated by the foregoing resolutions is 325,000 shares. No additional shares of such series have been established and designated in prior statements or in any provisions of the Restated Articles of the Corporation.

IN WITNESS WHEREOF, Duquesne Light Company has caused this Statement to be executed by its Chairman of the Board and its corporate seal to be hereunto affixed and attested by its Secretary this 17th day of April, 1973.

[CORPORATE SEAL]

DUQUESNE LIGHT COMPANY

Attest:

By *John M. Arthur*
John M. Arthur
Chairman of the Board

N. N. Stass
Secretary

Filed in the Department of State on the 19th day of April, 1973.

C. McLaughlin Tucker
Secretary of the Commonwealth
ec

ARTICLES OF AMENDMENT

To The Corporation Bureau
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Article VIII of the Business Corporation Law approved the 5th day of May, 1933, P.L. 364, as amended, the applicant, DUQUESNE LIGHT COMPANY, desiring to amend its Articles, hereby certifies under its corporate seal that:

1. The name of the Company is Duquesne Light Company, and its registered office is located at 435 Sixth Avenue, City of Pittsburgh, Pennsylvania 15219, County of Allegheny.
2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.
3. The meeting of the shareholders of the Company at which the amendments were adopted was held on April 18, 1972, at 11:00 o'clock A.M., E.S.T., at the principal office of the Company, 435 Sixth Avenue, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 17-19, 1972.
4. On March 3, 1972, the record date for the determination of the holders of the capital stock of the Company outstanding

and entitled to vote, there were outstanding and entitled to vote on both amendments set forth below 16,650,000 shares of Common Stock of the Company, and there were outstanding and entitled to vote on the first amendment only set forth below, 1,519,792 shares of Preferred Stock of the Company.

5. In the action taken by the shareholders, the number of shares voted in favor of and against each of the amendments was:

	<u>No. of Common Shares</u>		<u>No. of Preferred Shares</u>	
	<u>In favor</u>	<u>Against</u>	<u>In favor</u>	<u>Against</u>
Amendment No. 1	<u>12,343,072</u>	<u>521,532</u>	<u>1,156,199</u>	<u>38,066</u>
Amendment No. 2	<u>12,529,439</u>	<u>457,604</u>	NOT ENTITLED TO VOTE	

6. The amendments adopted by the shareholders, set forth in full, are as follows:

Amendment No. 1

RESOLVED, that clause (a) of the first sentence of Article 5th of the Company's Articles (which states the aggregate number of shares of Preferred Stock which the Company shall have authority to issue) be amended to read as follows: "(a) 3,000,000 shares of Preferred Stock, of the par value of \$50 per share; and".

Amendment No. 2

RESOLVED, that clause (c) of the first sentence of Article 5th of the Company's Articles (which states the aggregate number of shares of Common Stock which the Company shall have authority to issue) be amended to read as follows: "(c) 25,000,000 shares of Common Stock, of the par value of \$1 per share."

IN TESTIMONY WHEREOF, the applicant has caused these

Chairman of the Board

3-1-72.21 1341

Item No. H-15
Page 140 of 169.

and by its Secretary, and its corporate seal to be hereunto
affixed, this 18th day of April, 1972.

DUQUESNE LIGHT COMPANY

[Corporate Seal]

By *John M. Arthur*
John M. Arthur, Chairman
of the Board

By *H. W. Staas*
Howard W. Staas, Secretary

Filed in the Department of State on the 24th day of April, A.D.,
1972.

C. DeLoe Tucker
Secretary of the Commonwealth

jmw

3-1-72.21 1342

Commonwealth of Pennsylvania



Department of State

To All To Whom These Presents Shall Come, Greeting:

Whereas, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, P. L. 364, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a business corporation organized under or subject to the provisions of that Law, and

Whereas, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

Therefore, Know Ye, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be Sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

Given under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this
24th day of April
in the year of our Lord one thousand nine hundred
and seventy-two and of
the Commonwealth the one hundred and
ninety-sixth.

C. McLaughlin Tucker



3-1-72.00

DUQUESNE LIGHT COMPANY

**Statement with respect to \$7.20
Preferred Stock, being a Series of
the Preferred Stock of Duquesne Light Company**

In compliance with the requirements of Section 602A.
of the Act of May 5, 1933, P.L. 364, as amended, DUQUESNE LIGHT
COMPANY hereby certifies under its corporate seal as follows:

1. The name of the corporation is Duquesne Light Company.
2. The resolution establishing and designating the series of Preferred Stock and fixing and determining the relative rights and preferences thereof is as follows:

RESOLVED, that pursuant to the authority expressly vested in the Board of Directors of Duquesne Light Company by the Restated Articles of the Company, this Board of Directors does hereby create and establish a new series of Preferred Stock consisting initially of 350,000 shares as follows:

A. The designation of said series of Preferred Stock, the rate of dividends thereon, the price or prices at which and the terms and conditions on which shares thereof may be redeemed, and the amounts payable in the event of voluntary or involuntary liquidation are as follows:

1. Designation. The said series of Preferred Stock shall be designated as the "\$7.20 Preferred Stock".

2. Dividend Rate. The fixed dividend rate shall be \$7.20 per share per annum. Dividends on said series of Preferred Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.

3-1-72.08 325

3. Redemption. The redemption price for the \$7.20 Preferred Stock shall be the sum of the following: \$100 per share plus a premium of \$7.50 per share if redeemed on or prior to March 31, 1977; of \$5.00 per share if redeemed thereafter and on or prior to March 31, 1982; of \$2.50 per share if redeemed thereafter and on or prior to March 31, 1987; and of \$1.00 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption; provided, however, that the Company will not, prior to April 1, 1977, redeem any shares of \$7.20 Preferred Stock of such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$7.20 Preferred Stock as to dividends or assets if such borrowed funds or such stock have an interest or dividend cost to the Company (calculated in accordance with generally accepted financial practice) less than 7.28% per annum.

4. Liquidation. The fixed liquidation price for the \$7.20 Preferred Stock shall be \$100 per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

3. The aggregate number of shares of such series established and designated by

- (i) such resolution - 350,000 shares;
- (ii) all prior statements, if any, filed under the aforesaid act with respect thereto - none;
- (iii) any other provision of the Restated Articles of the Company - none.

4. The said resolution was adopted at a meeting of the Board of Directors of Duquesne Light Company duly called

3-1-72.08 325

and held on March 8, 1972, at which meeting a quorum was present and acting throughout.

IN WITNESS WHEREOF, Duquesne Light Company has caused this Statement to be signed under its corporate seal by its Chairman of the Board and its Secretary this 8th day of March, 1972.

DUQUESNE LIGHT COMPANY

Attest:

By

Mr. J. H. ...
Chairman of the Board

N. A. ...
Secretary

[CORPORATE SEAL]

Filed in the Department of State on the 9th day of March, 1972.

C. DeLoe Tucker
Secretary of the Commonwealth
jlv

(THIS PAGE LEFT INTENTIONALLY BLANK)

ARTICLES OF AMENDMENT

TO THE CORPORATION BUREAU
Department of State
Commonwealth of Pennsylvania:

In compliance with the requirements of Article VIII of the Business Corporation Law approved the 5th day of May, 1933, P. L. 364, as amended, the applicant, DUQUESNE LIGHT COMPANY, desiring to amend its Articles, hereby certifies under its corporate seal that:

1. The name of the Company is Duquesne Light Company, and its registered office is located at 435 Sixth Avenue, City of Pittsburgh, Pennsylvania 15219, County of Allegheny.

2. The Company was incorporated on November 25, 1912, by virtue of an Agreement of Consolidation and Merger filed under the Act of the General Assembly of the Commonwealth of Pennsylvania approved April 29, 1874, and the several supplements thereto.

3. The meeting of the shareholders of the Company at which the amendment was adopted was held on April 20, 1971, at 11:00 o'clock A.M., E.S.T., at the principal office of the Company, 435 Sixth Avenue, Pittsburgh, Pennsylvania, pursuant to written notice mailed on March 22, 1971.

4. On March 1, 1971, the record date for the determination of the holders of the capital stock of the Company outstanding and entitled to vote, there were outstanding 15,150,000 shares of Common Stock of the Company and 1,519,817 shares of Preferred Stock of the Company; and of these, only the 15,150,000 outstanding shares of Common Stock of the Company were entitled to vote on the amendment.

5. In the action taken by the shareholders, the number of shares voted in favor of and against the amendment was:

Voted in Favor: 10,474,648

Voted Against: 655,889...

6. The amendment adopted by the shareholders, set forth in full, is as follows:

RESOLVED, that the Articles of Duquesne Light Company be amended and restated in their entirety so as to read in full as follows:

RESTATED ARTICLES OF DUQUESNE LIGHT COMPANY

1st. The name of the Company is DUQUESNE LIGHT COMPANY.

2nd. The location and post office address of its current registered office in the Commonwealth of Pennsylvania is 435 Sixth Avenue, City of Pittsburgh 15219, County of Allegheny.

3rd. The purposes for which the Company is incorporated under the Business Corporation Law of the Commonwealth of Pennsylvania are to engage in, and do any lawful act concerning, any or all lawful business for which corporations may be incorporated under said Business Corporation Law; including but not limited to:

A. The supply of light, heat and power to the public by any means;

B. The production, generation, manufacture, transmission, transportation, storage, distribution or furnishing of electricity, natural or artificial gas, steam or air conditioning, or any combination thereof to or for the public; and

C. Manufacturing, processing, owning, using and dealing in personal property of every class and description, engaging in research and development, the furnishing of services, and acquiring, owning, using and disposing of real property of every nature whatsoever.

4th. The Company shall exist for the term of 999 years from June 18th, 1890.

5th. The aggregate number of shares which the Company shall have authority to issue shall be:

- (a) 2,250,000 shares of Preferred Stock, of the per value of \$50 per share; and
- (b) 2,250,000 shares of Preference Stock, of the par value of \$1 per share; and
- (c) 20,000,000 shares of Common Stock, of the par value of \$1 per share.

The designations, preferences, qualifications, limitations, restrictions and the special or relative rights in respect of the Preferred Stock and the first seven series thereof, the Preference Stock, and the Common Stock of the Company, and a statement of the authority hereby vested in the Board of Directors of the Company to fix and determine the designations, preferences, qualifications, limitations, restrictions, and special or relative rights of all series of the Preferred Stock other than the first seven series thereof, and of all series of Preference Stock, shall be as follows:

Division A—THE PREFERRED STOCK.

1.1. *Series.* Except for the first seven series, the provisions of which are set forth in Division E hereof, the Board of Directors is hereby expressly authorized, at any time or from time to time, to divide any or all of the shares of Preferred Stock into series, and in the resolution or resolutions providing for the issue of shares of a particular series, before issuance, to fix and determine the designation and the relative rights and preferences of the series so established (except as otherwise expressly provided herein for all series), to the fullest extent now or hereafter permitted by the laws of the Commonwealth of Pennsylvania, including the variations between different series in the following respects:

- (a) the distinctive serial designation of such series;
- (b) the annual dividend rate for such series, and the date from which dividends shall commence to accrue;
- (c) the redemption price or prices for shares of such series and the terms and conditions on which such shares may be redeemed;
- (d) the sinking fund provisions, if any, for the redemption or purchase of shares of such series;
- (e) the preferential amount or amounts payable upon shares of such series in the event of the voluntary or involuntary liquidation of the Company;
- (f) the voting rights, if any, of such series in addition to those provided in Subdivision 1.5 of this Division A and in Subdivision 4.1 of Division D hereof;
- (g) the terms and conditions, if any, upon which shares of such series may be converted and the class or classes or series of shares of the Company into which such shares may be converted; and
- (h) such other terms, limitations and relative rights and preferences, if any, of shares of any such series as the Board of Directors may, at the time of such resolution, lawfully fix and determine under the laws of the Commonwealth of Pennsylvania.

All shares of Preferred Stock shall be of equal rank with each other, regardless of series, and shall be identical with each other in all respects except as provided pursuant to the preceding sentence or in Division E hereof. The Board of Directors is hereby expressly authorized to fix the number of shares which shall constitute any series of Preferred Stock, which number, unless the Board of Directors shall have otherwise provided in establishing such series, may at any time or from time to time be increased or decreased, but not below the number of shares thereof then outstanding.

1.2. *Dividends.* Out of the assets of the Company available for dividends, the holders of each series of the Preferred Stock at the time outstanding shall be entitled to receive, if and when declared payable by the Board of Directors, a dividend in cash at, but not exceeding, the fixed dividend rate for the particular series, payable quarterly on the first day of January, April, July and October in each year, or on such other days as may be provided for any particular series by the Board of Directors pursuant to Subdivision 1.1 hereof, and such dividends on each series of the Preferred Stock shall be cumulative, so that in no event shall any dividend, whether in cash, stock or other property, be declared or paid upon or set apart for, or any distribution be made or ordered in respect of, the Preference Stock, the Common Stock or any other class of stock ranking junior to the Preferred Stock as to dividends or assets nor shall any moneys or other consideration be set aside for or applied to the purchase of Common Stock or the purchase or redemption of the Preference Stock or any such junior stock, unless all dividends on each of the then outstanding series of the Preferred Stock for all past quarter-yearly dividend periods shall have been paid, or declared and a sum sufficient for the payment thereof set apart, and the full dividend thereon for the then current quarter-yearly dividend period shall have been or concurrently shall be paid or declared. Dividends on shares of the first seven series of Preferred Stock shall commence to accrue and be cumulative from the dates set forth in Division E hereof. Dividends on all shares of the Preferred Stock of each series other than such first seven series shall commence to accrue and be cumulative on such date as shall be provided for such series by the Board of Directors pursuant to Subdivision 1.1 hereof; but in the event of the issue of additional shares of Preferred Stock of any series subsequent to the date of the initial issue of shares of such series, all dividends paid on the Preferred Stock of such series prior to the issue of such additional shares, and all dividends declared payable to the holders of Preferred Stock of such series of record on a date prior to such issue, shall be deemed to have been paid in respect to the additional shares so issued. Any dividends declared or paid on the Preferred Stock in an amount less than full cumulative dividends accrued or in arrears upon all Preferred Stock outstanding shall, if more than one series be outstanding, be divided between the different series in proportion to the aggregate amounts which would be distributable to the Preferred Stock of each series if full cumulative dividends to the next preceding quarterly dividend date were declared and paid thereon.

As used herein, the expression "dividends accrued or in arrears" means, in respect of each share of the Preferred Stock of any series, that amount which shall be equal to simple interest upon the par value of such share at an annual rate equal to the percentage that the fixed dividend rate for such series is of such par value from the date from which cumulative dividends on such share commence to accrue to the date as of which the computation is to be made, less the aggregate amount (without interest thereon) of all dividends theretofore and on such date paid (or deemed to have been paid) or declared and set aside for payment in respect thereof.

1.3. *Preference of the Preferred Stock on Liquidation, Etc.* In the event of any liquidation, dissolution or winding up of the Company, the holders of the Preferred Stock of each series shall be entitled to receive in cash, for each share thereof, the fixed liquidation price for such series, plus, in case such liquidation, dissolution or winding up shall have been voluntary, the fixed liquidation premium, if any, for such series, together in all cases with an amount equal to all dividends accrued or in arrears thereon to

the date fixed for such payment, before any distribution of assets shall be made to the holders of the Preference Stock, the Common Stock or any other class of stock ranking junior to the Preferred Stock as to dividends or assets; but the holders of the Preferred Stock shall be entitled to no further participation in such distribution. If upon any such liquidation, dissolution or winding up, the assets distributable among the holders of the Preferred Stock shall be insufficient to permit the payment of the full preferential amounts aforesaid, then such assets shall be distributed among the holders of all series of the Preferred Stock then outstanding, ratably per share in proportion to the full preferential amounts per share to which they are respectively entitled as hereinbefore provided. A consolidation or merger of the Company, a sale or transfer of all or substantially all of its assets as an entirety, or any purchase or redemption of stock of the Company of any class, shall not be regarded as a "liquidation, dissolution or winding up" of the Company within the meaning of this Subdivision 1.3.

1.4. *Redemption, Repurchase and Retirement of the Preferred Stock.* The Company, at its option, expressed by vote of its Board of Directors, may at any time or from time to time redeem the whole or any part of the Preferred Stock or of any series thereof at the applicable redemption price for each such series to be redeemed.

Notice of any proposed redemption of any shares of Preferred Stock shall be given by mailing a copy of such notice, postage prepaid, to the holders of record of the shares of Preferred Stock to be redeemed, at their respective addresses then appearing on the books of the Company, not less than 30 nor more than 90 days prior to the date designated for such redemption and by publishing such notice at least once in each of three successive calendar weeks, in each case on any day in the week (the first publication to be not less than 30 nor more than 90 days prior to the redemption date) in a daily newspaper printed in the English language and published and of general circulation in the City of Pittsburgh, Commonwealth of Pennsylvania, and in a like newspaper published in the Borough of Manhattan, City and State of New York; provided that if notice of redemption shall be published as aforesaid, then mailing thereof as aforesaid shall not be a condition precedent to the redemption, and failure so to mail such notice or any defect in the mailing thereof shall not affect the validity of the redemption proceedings. In the case of the redemption of less than all of the shares of any series of the Preferred Stock at the time outstanding, the shares to be redeemed shall be determined by lot or in such other impartial manner as the Board of Directors shall determine. From and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Company in providing funds sufficient for such redemption at the time and at the place or places specified for the payment pursuant to such notice, all dividends on the shares called for redemption shall cease to accrue; and from and after the date so fixed, unless default be made as aforesaid, or from and after the date of the earlier deposit by the Company with a bank or trust company having an aggregate capital and surplus of at least \$2,000,000 and doing business in the City of Pittsburgh, Commonwealth of Pennsylvania or in the Borough of Manhattan, City and State of New York, in trust for the benefit of the holders of the shares of Preferred Stock so called for redemption, of all funds necessary for such redemption as aforesaid (provided in the latter case that there shall have been mailed as aforesaid to holders of record of the shares to be redeemed a notice of the redemption thereof containing a statement that such deposit has been or is to be made, or the Company shall have executed and delivered to a Transfer Agent for the Preferred Stock or to the bank or trust company with which such deposit is made an instrument, purporting to be irrevocable, authorizing it to mail such notice), all rights of the holders of the shares so called for redemption as stockholders of the Company shall cease and determine, except only the right to receive the redemption price of such shares when due, and such shares shall be deemed to be no longer outstanding. Any funds so deposited remaining unclaimed by holders of shares so called for redemption at the end of a period of five years after the redemption date shall revert to the general funds of the Company and such funds and any interest which

shall have been allowed thereon shall be paid to the Company, and thereafter the holders of the shares called for redemption in respect of which such unclaimed funds were held shall look only to the Company for the satisfaction of such rights, if any, as they may have to the payment of the redemption price of such shares.

The Company may not purchase or redeem any of its Preferred Stock so long as dividend arrearages exist on outstanding Preferred Stock of any series unless the redemption or purchase offer is made applicable to all Preferred Stock outstanding. Where purchases are made, the price paid shall not exceed the current redemption price applicable to the shares purchased. Any shares of Preferred Stock purchased, redeemed or otherwise acquired shall forthwith be cancelled and restored to the status of authorized but unissued shares of Preferred Stock without series designation.

1.5. Restrictions on Certain Corporate Action.

(A) So long as any shares of the Preferred Stock are outstanding, the Company shall not, without the consent (given in writing or by vote of the Preferred Stock as a class at a meeting called for the purpose) of the holders of at least two-thirds of the then issued and outstanding shares of Preferred Stock,

(1) amend, alter or repeal any of the rights, preferences or powers of the outstanding Preferred Stock of any series fixed herein or determined by the Board of Directors as provided herein, so as to affect adversely any such rights, preferences or powers; or

(2) create or authorize any shares of any class of stock ranking prior to the Preferred Stock as to dividends or assets or issue any shares of any such class of prior stock more than 180 days after the vote of the Preferred Stock pursuant to this clause (2) authorizing or creating such shares.

(B) So long as any shares of the Preferred Stock are outstanding, the Company shall not, without the consent (given in writing or by vote of the Preferred Stock as a class at a meeting called for the purpose) of the holders of at least a majority of the then issued and outstanding shares of Preferred Stock,

(1) create or authorize any shares of the Preferred Stock in addition to the 2,250,000 shares thereof hereby authorized, or any shares of any other class of stock ranking on a parity with the Preferred Stock as to dividends or assets; or

(2) after 700,000 shares of the Preferred Stock shall have been issued, issue, sell or otherwise dispose of any of the remaining shares of Preferred Stock now authorized or any additional shares of the Preferred Stock subsequently authorized, or any shares of any other class of stock ranking on a parity with the Preferred Stock as to dividends or assets, unless, after giving effect to such issuance and to the elimination of any indebtedness or shares of Preferred Stock, or of any shares of any other class of stock ranking prior to or on a parity with the Preferred Stock as to dividends or assets, to be retired in connection with such issuance,

(a) the consolidated income of the Company and its subsidiaries available for interest charges, as hereinafter defined, for any period of 12 consecutive calendar months within the 15 calendar months immediately preceding the issuance, sale or disposition of such shares, shall have been at least $1\frac{1}{2}$ times the sum of (i) the aggregate annual interest charges on all indebtedness of the Company and its subsidiaries consolidated (excluding inter-company items) to be outstanding and (ii) the aggregate annual dividend requirements on all shares of the Preferred Stock and of all other classes of stock ranking prior to or on a parity with the Preferred Stock as to dividends or assets to be outstanding; provided, that the earnings of any property acquired by the Company or any subsidiary during or after the period for which income is computed or which is to be acquired in connection with the issuance of any such additional shares, if capable of being separately determined or estimated under generally accepted accounting prin-

principles, may be included in the foregoing computations as if such property had been owned for the whole of such period; and

(b) the Common Stock equity, as hereinafter defined, of the Company shall be not less than the aggregate amount payable on involuntary dissolution, liquidation or winding up of the Company in respect of all shares of the Preferred Stock and all shares of stock of any class ranking prior thereto or on a parity therewith as to dividends or assets, to be outstanding; provided that if, for the purpose of meeting the requirements of this clause (b), it shall have been necessary to take into consideration any earned surplus of the Company, the Company shall not thereafter pay any dividends on shares of its Common Stock which would result in reducing the Common Stock equity to an amount less than the aggregate amount payable on involuntary dissolution, liquidation or winding up of the Company in respect of all outstanding shares of the Preferred Stock and of any stock of the Company ranking prior thereto or on a parity therewith as to dividends or assets.

(3) merge or consolidate with or into any other corporation or corporations or sell, lease or otherwise dispose of all or substantially all of its assets, unless such merger, consolidation, sale, lease or other disposition or the issuance or assumption of all securities to be issued or assumed in connection therewith, shall have been ordered, permitted or approved by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 as now in effect or as hereafter amended or by any successor commission or other regulatory authority of the United States of America having jurisdiction in the premises; but the provisions of this clause (3) shall not apply to a purchase or other acquisition by the Company of franchises (including franchises and rights granted by corporate charter) or assets of another corporation; or

(4) issue any unsecured notes, debentures or other securities representing unsecured indebtedness or assume any such unsecured securities for purposes other than

(a) the refunding of outstanding unsecured indebtedness theretofore issued or assumed by the Company;

(b) the reacquisition, redemption or other retirement of any indebtedness pursuant to authorization by the Securities and Exchange Commission under the provisions of the Public Utility Holding Company Act of 1935 as now in effect or as hereafter amended or by any successor commission or other regulatory authority of the United States of America having jurisdiction in the premises; or

(c) the reacquisition, redemption or other retirement of all outstanding shares of the Preferred Stock or of any other class of stock ranking on a parity therewith as to dividends or assets or any shares of any class of stock ranking prior thereto as to dividends or assets;

if immediately after such issue or assumption the total principal amount of such unsecured securities issued or assumed by the Company and then outstanding would exceed 20% of the aggregate of (i) the total principal amount of all bonds or other securities representing secured indebtedness issued or assumed by the Company and then to be outstanding and (ii) the total of the capital stock and earned and capital surplus of the Company as then to be stated on its books plus any premiums on capital stock of the Company of any class then carried on its books.

(C) So long as any shares of the Preferred Stock are outstanding, the Company shall not declare or pay any dividends on any shares of its capital stock of any class ranking junior to the Preferred Stock as to dividends or assets (hereinafter in this Paragraph (C) called "junior stock"), other than dividends payable in shares of junior stock, or make any other distribution on junior stock, or purchase or redeem or otherwise acquire for value any shares of junior stock, other than by the issuance in exchange therefor,

or by the application of the proceeds of the issuance and sale of capital stock of the Company ranking junior to the Preferred Stock as to dividends and assets, each such declaration, payment, distribution, purchase or acquisition being hereinafter referred to as a "junior stock payment", in contravention of the following restrictions, namely:

(a) no junior stock payment shall be declared or made in an amount which, together with all other such junior stock payments declared or made in the 12 months' period ending on (and including) the date of the declaration or making of such junior stock payment, would in the aggregate exceed 50% of the consolidated net income of the Company and its subsidiaries available for dividends on junior stock, as hereinafter defined, for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the declaration or making of such junior stock payment, if, after giving effect to such payment, the ratio (hereinafter referred to as the capitalization ratio) of the Common Stock equity of the Company, as hereinafter defined, to its total capitalization, as hereinafter defined, would be less than 20% ;

(b) no junior stock payment shall be declared or made in an amount which, together with all other such junior stock payments declared or made in the 12 months' period ending on (and including) the date of the declaration or making of such junior stock payment, would in the aggregate exceed 75% of the consolidated net income of the Company and its subsidiaries available for dividends on junior stock for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the declaration or making of such junior stock payment, if, after giving effect to such payment, the capitalization ratio would be 20% or more, but less than 25%.

(D) Notwithstanding the foregoing provisions of this Subdivision 1.5, it shall not be necessary to obtain any affirmative vote or written consent of holders of the Preferred Stock under any provision of this Subdivision 1.5 in respect of any matter therein specified, if, in connection with the accomplishment of such matter, provision is to be made for the redemption or retirement of all of the Preferred Stock at the time outstanding.

(E) (a) The term "consolidated income of the Company and its subsidiaries available for interest charges" shall mean and include an amount computed as follows: From the total gross operating revenues and other income of the Company and its subsidiaries consolidated, there shall first be eliminated profits realized or losses sustained from the sale or other disposition of capital assets by the Company or any of its subsidiaries, or from the reacquisition of any securities of the Company or any of its subsidiaries, and taxes on or in respect of any such profits. There shall then be deducted, on a consolidated basis, all operating expenses, including therein rentals, expenditures for ordinary repairs and maintenance and charges to and appropriations out of income for reserves for renewals, replacements, retirements and depreciation, taxes (including income and excess profits taxes and other taxes based on or measured by income or undistributed earnings or income), miscellaneous interest charges, insurance charges, and other appropriate items, but not including therein (A) interest charges on account of outstanding securities of the Company or any of its subsidiaries, (B) charges for amortization of debt and stock discount or premium and expense, or (C) charges for amortization of electric plant acquisition adjustments and amortization of adjustments of cost of property, or charges to reserves or expense in respect of any thereof. There shall also be deducted the amount, if any, by which the expenditures for ordinary repairs and maintenance and charges to and appropriations out of income for reserves for renewals, replacements, retirements, and depreciation are less than an amount equal to 15% of the consolidated gross operating revenues, after deducting from such consolidated gross operating revenues an amount equal to the cost to the Company and its subsidiaries of electric energy and steam purchased and resold and rentals paid by the Company and its subsidiaries for property used in the generation, transmission, distribution or sale of electric energy and steam and included or reflected in operating expense accounts during the period for which income is being computed.

(b) The term "consolidated net income of the Company and its subsidiaries available for dividends on junior stock" shall mean and include an amount computed as follows: To the "consolidated income of the Company and its subsidiaries available for interest charges" as defined above, there shall be credited interest charged to construction and there shall be deducted interest on outstanding securities of the Company and its subsidiaries and charges for amortization of debt and stock discount or premium and expense and all dividends paid or accrued upon any shares of Preferred Stock of the Company or any class of stock ranking prior to or on a parity with the Preferred Stock as to dividends; but there shall not be deducted any write-off or charge-off against surplus of expenses in connection with the issuance, redemption or retirement of any securities of the Company or any of its subsidiaries, including any amount paid in excess of the principal amount or par or stated value of the securities of the Company or any of its subsidiaries, or interest or dividends on the securities redeemed or retired from the date on which the funds required for such redemption or retirement are deposited in trust for such purpose to the date of redemption or retirement.

(c) The term "Common Stock equity" shall mean the aggregate of the par value of, or stated capital represented by, the outstanding shares of Common Stock of the Company, plus the capital surplus and earned surplus of the Company plus any premiums on Common Stock of the Company then carried on its books. For the purpose of computing the Common Stock equity, the surplus accounts of the Company shall be adjusted to eliminate (1) the amount, if any, by which the expenditures of the Company for ordinary repairs and maintenance and charges to and appropriations out of income for reserves for renewals, replacements, retirements and depreciation are less than an amount equal to 15% of the gross operating revenues of the Company, after deducting from such gross operating revenues an amount equal to the cost to the Company of electric energy and steam purchased and resold and rentals paid by the Company for property used by it in the generation, transmission, distribution or sale of electric energy and steam and included or reflected in its operating expense accounts for the period commencing August 1, 1947 and ending on the last day of the third month preceding the date as of which the Common Stock equity is being computed; (2) any amounts on the books of the Company known, or estimated if not known, to represent the excess, if any, of recorded value over original cost of used or useful utility plant and other property, and any item set forth on the asset side of the balance sheet of the Company as a result of accounting convention, such as unamortized debt discount and expense, or capital stock discount and expense, unless any such amount or item, as the case may be, is being amortized or is being provided for by a reserve; and (3) the excess, if any, of the aggregate amount payable on involuntary dissolution, liquidation or winding up upon all outstanding shares of Preferred Stock of the Company of all classes over the aggregate stated or par value of such shares.

(d) The term "total capitalization" of the Company shall mean the aggregate of (1) the Common Stock equity, (2) the principal amount of all outstanding indebtedness of the Company maturing more than 12 months after the date of issue or assumption thereof and (3) the par value of, or stated capital represented by, and any premiums carried on the books of the Company in respect of, the outstanding shares of all classes of stock of the Company other than the Common Stock.

Division B—THE PREFERENCE STOCK.

2.1. *Series; Rank.* The Board of Directors is hereby expressly authorized, at any time or from time to time, to divide any or all of the shares of Preference Stock into series, and in the resolution or resolutions providing for the issue of shares of a particular series, before issuance, to fix and determine the designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights, and other special or relative rights in respect of the Preference Stock as a class, or of the particular series so established (except as otherwise expressly provided herein for all series), or both, to the fullest extent now or

hereafter permitted by the laws of the Commonwealth of Pennsylvania, including the rights of the Preference Stock as a class and the variations between different series in the following respects:

- (a) the distinctive serial designations;
- (b) the annual dividend rates, and the dates from which dividends shall commence to accrue;
- (c) the redemption price or prices for shares and the terms and conditions on which such shares may be redeemed;
- (d) the sinking fund provisions, if any, for the redemption or purchase of shares;
- (e) the preferential amount or amounts payable upon shares in the event of the voluntary or involuntary liquidation of the Company;
- (f) the voting rights, if any, for the election of directors and for all other purposes;
- (g) the terms and conditions, if any, upon which shares may be converted and the class or classes or series of shares of the Company into which such shares may be converted; and
- (h) such other terms, limitations and relative rights and preferences, if any, of shares of Preference Stock as a class and of any such series of Preference Stock as the Board of Directors may, at the time of such resolution, lawfully fix and determine under the laws of the Commonwealth of Pennsylvania.

The Preference Stock shall constitute a class of stock ranking "junior to the Preferred Stock as to dividends and assets" as that phrase is used in Division A hereof. So long as any shares of Preferred Stock shall be outstanding, the preferences, privileges, rights and powers granted to or imposed upon the Preference Stock or any series thereof shall have no effect whatever on the preferences, privileges, rights and powers of the Preferred Stock which shall retain its rights and shall be and remain prior in all respects to the Preference Stock. All shares of Preference Stock shall be of equal rank with each other, regardless of series, and shall be identical with each other in all respects except as provided pursuant to the first sentence of this Subdivision 2.1. The Board of Directors is hereby expressly authorized to fix the number of shares which shall constitute any series of Preference Stock, which number, unless the Board of Directors shall have otherwise provided in establishing such series, may at any time or from time to time be increased or decreased, but not below the number of shares thereof then outstanding.

2.2. Dividends. Out of the assets of the Company available for dividends, the holders of each series of the Preference Stock at the time outstanding shall be entitled to receive, if and when declared payable by the Board of Directors, a dividend in cash at, but not exceeding, the fixed dividend rate for the particular series, payable quarterly on the first day of January, April, July and October in each year, or on such other days as may be provided for any particular series by the Board of Directors pursuant to Subdivision 2.1 hereof, and such dividends on each series of the Preference Stock shall be cumulative, so that in no event shall any dividend, whether in cash, stock or other property, be declared or paid upon or set apart for, or any distribution be made or ordered in respect of, the Common Stock or any other class of stock ranking junior to the Preference Stock as to dividends or assets nor shall any moneys or other consideration be set aside for or applied to the purchase of Common Stock or the purchase or redemption of any such junior stock, unless all dividends on each of the then outstanding series of the Preference Stock for all past quarter-yearly dividend periods shall have been paid, or declared and a sum sufficient for the payment thereof set apart, and the full dividend thereon for the then current quarter-yearly dividend period shall have been or concurrently shall be paid or declared. Dividends on all shares of the Preference Stock of each series shall commence to accrue and be cumulative on such date as shall be provided for such series by the Board of Directors pursuant to Subdivision 2.1 hereof; but in the event

of the issue of additional shares of Preference Stock of any series subsequent to the date of the initial issue of shares of such series, all dividends paid on the Preference Stock of such series prior to the issue of such additional shares, and all dividends declared payable to the holders of Preference Stock of such series of record on a date prior to such issue, shall be deemed to have been paid in respect to the additional shares so issued. Any dividends declared or paid on the Preference Stock in an amount less than full cumulative dividends accrued or in arrears upon all Preference Stock outstanding shall, if more than one series be outstanding, be divided among the different series in proportion to the aggregate amounts which would be distributable to the Preference Stock of each series if full cumulative dividends to the next preceding quarterly dividend date were declared and paid thereon.

As used herein, the expression "dividends accrued or in arrears" means, in respect of each share of the Preference Stock of any series, that amount which shall be equal to simple interest upon the par value of such share at an annual rate equal to the percentage that the fixed dividend rate for such series is of such par value from the date from which cumulative dividends on such share commence to accrue to the date as of which the computation is to be made, less the aggregate amount (without interest thereon) of all dividends theretofore and on such date paid (or deemed to have been paid) or declared and set aside for payment in respect thereof.

2.3. *Preference of the Preference Stock on Liquidation, Etc.* In the event of any liquidation, dissolution or winding up of the Company, the holders of the Preference Stock of each series shall be entitled to receive in cash, for each share thereof, the fixed liquidation price for such series, plus, in case such liquidation, dissolution or winding up shall have been voluntary, the fixed liquidation premium, if any, for such series, together in all cases with an amount equal to all dividends accrued or in arrears thereon to the date fixed for such payment, before any distribution of assets shall be made to the holders of the Common Stock or any other class of stock ranking junior to the Preference Stock as to dividends or assets; but the holders of the Preference Stock shall be entitled to no further participation in such distribution. If upon any such liquidation, dissolution or winding up, the assets distributable among the holders of the Preference Stock shall be insufficient to permit the payment of the full preferential amounts aforesaid, then such assets shall be distributed among the holders of all series of the Preference Stock then outstanding, ratably per share in proportion to the full preferential amounts per share to which they are respectively entitled as hereinbefore provided. A consolidation or merger of the Company, a sale or transfer of all or substantially all of its assets as an entirety, or any purchase or redemption of stock of the Company of any class, shall not be regarded as a "liquidation, dissolution or winding up" of the Company within the meaning of this Subdivision 2.3.

2.4. *Redemption, Repurchase and Retirement of the Preference Stock.* The Company, at its option, expressed by vote of its Board of Directors, may at any time or from time to time redeem the whole or any part of the Preference Stock or of any series thereof at the applicable redemption price for each such series to be redeemed.

Notice of any proposed redemption of any shares of Preference Stock shall be given by mailing a copy of such notice, postage prepaid, to the holders of record of the shares of Preference Stock to be redeemed, at their respective addresses then appearing on the books of the Company, not less than 30 nor more than 90 days prior to the date designated for such redemption and by publishing such notice at least once in each of three successive calendar weeks, in each case on any day in the week (the first publication to be not less than 30 nor more than 90 days prior to the redemption date) in a daily newspaper printed in the English language and published and of general circulation in the City of Pittsburgh, Commonwealth of Pennsylvania, and in a like newspaper published in the Borough of Manhattan, City and State of New York; provided that if notice of redemption shall be published as aforesaid, then mailing thereof as afore-

3-1-71 13 740

said shall not be a condition precedent to the redemption, and failure so to mail such notice or any defect in the mailing thereof shall not affect the validity of the redemption proceedings. In the case of the redemption of less than all of the shares of any series of the Preference Stock at the time outstanding, the shares to be redeemed shall be determined by lot or in such other impartial manner as the Board of Directors shall determine. From and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Company in providing funds sufficient for such redemption at the time and at the place or places specified for the payment pursuant to such notice, all dividends on the shares called for redemption shall cease to accrue; and from and after the date so fixed, unless default be made as aforesaid, or from and after the date of the earlier deposit by the Company with a bank or trust company having an aggregate capital and surplus of at least \$2,000,000 and doing business in the City of Pittsburgh, Commonwealth of Pennsylvania or in the Borough of Manhattan, City and State of New York, in trust for the benefit of the holders of the shares of Preference Stock so called for redemption, of all funds necessary for such redemption as aforesaid (provided in the latter case that there shall have been mailed as aforesaid to holders of record of the shares to be redeemed a notice of the redemption thereof containing a statement that such deposit has been or is to be made, or the Company shall have executed and delivered to a Transfer Agent for the Preference Stock or to the bank or trust company with which such deposit is made an instrument, purporting to be irrevocable, authorizing it to mail such notice), all rights of the holders of the shares so called for redemption as stockholders of the Company shall cease and determine, except only the right to receive the redemption price of such shares when due, and such shares shall be deemed to be no longer outstanding. Any funds so deposited remaining unclaimed by holders of shares so called for redemption at the end of a period of five years after the redemption date shall revert to the general funds of the Company and such funds and any interest which shall have been allowed thereon shall be paid to the Company, and thereafter the holders of the shares called for redemption in respect of which such unclaimed funds were held shall look only to the Company for the satisfaction of such rights, if any, as they may have to the payment of the redemption price of such shares.

The Company may not purchase or redeem any of its Preference Stock so long as dividend arrearages exist on outstanding Preference Stock of any series unless the redemption or purchase offer is made applicable to all Preference Stock outstanding. Where purchases are made, the price paid shall not exceed the current redemption price applicable to the shares purchased. Any shares of Preference Stock purchased, redeemed or otherwise acquired shall forthwith be cancelled and restored to the status of authorized but unissued shares of Preference Stock without series designation.

Division C—THE COMMON STOCK.

3.1. *Dividends.* Out of any assets of the Company available for dividends remaining after full cumulative dividends, up to the then current dividend period, on the Preferred Stock and Preference Stock then outstanding shall have been paid, or declared and sums sufficient for the payment thereof set apart, and after or concurrently with making payment of or declaring full dividends on the Preferred Stock and Preference Stock then outstanding for the then current dividend period for such stock, then, and not otherwise, subject to the restrictions set forth in paragraph (C) of Subdivision 1.5 of Division A and in any resolution or resolutions providing for the issue of shares of a particular series of Preferred Stock or of Preference Stock, dividends may be paid upon the Common Stock to the exclusion of the Preferred Stock and the Preference Stock.

3.2. *Distribution of Assets.* In the event of any liquidation, dissolution or winding up of the Company, after there shall have been paid or set aside in cash for the holders of the Preferred Stock and the

741

Preference Stock the full preferential amounts to which they are entitled under the provisions of the foregoing Division A and Division B, the holders of the Common Stock shall be entitled to receive pro rata all of the remaining assets of the Company available for distribution to its stockholders. The Board of Directors by vote of a majority of the members thereof may distribute in kind to the holders of the Common Stock such remaining assets of the Company or may sell, transfer or otherwise dispose of any or all of the remaining assets of the Company and receive payment therefor wholly or in part in cash or in stock or obligations and may sell all or any part of the consideration received therefor and distribute the balance thereof in kind to the holders of the Common Stock.

**Division D—PROVISIONS APPLICABLE TO THE PREFERRED STOCK,
THE PREFERENCE STOCK AND THE COMMON STOCK**

4.1. *Voting Rights.* Except as hereinafter in this Subdivision 4.1 provided, and except as may be provided with respect to any particular series of the Preference Stock by the Board of Directors pursuant to Subdivision 2.1 hereof, the holders of the Common Stock shall have exclusive voting rights for the election of directors and for all other purposes and shall be entitled to one vote for each share held.

The holders of the Preferred Stock shall have no voting rights except as follows:

- (a) as provided in Subdivision 1.5 of Division A hereof;
- (b) as may be provided with respect to any particular series of the Preferred Stock (other than the first seven series thereof) by the Board of Directors pursuant to Subdivision 1.1 hereof; and
- (c) if and whenever dividends payable on any of the Preferred Stock shall be in default in an amount equal to four or more full quarter-yearly dividends per share, then the holders of the Preferred Stock of all series voting together as a class shall be entitled to elect the smallest number of Directors necessary to constitute a majority of the full Board of Directors of the Company until such time as all arrears in dividends on the Preferred Stock and the current dividend thereon shall have been paid or declared and set apart for payment, whereupon all voting rights and all rights to notice of stockholders' meetings given by this clause (c) shall be divested from the Preferred Stock (subject, however, to being at any time or from time to time similarly revived and divested).

On any matter on which the holders of Preferred Stock shall be entitled to vote they shall be entitled to one vote for each share held, except as hereinafter in this Subdivision 4.1 provided.

So long as the holders of the Preferred Stock shall have the right to elect Directors under the provisions of this Subdivision 4.1, the holders of the Common Stock voting separately as a class (subject to any voting rights which may be granted to the Preference Stock or any series thereof) shall be entitled to elect the remaining Directors.

In all elections for Directors, every stockholder entitled to vote shall have the right, in person or by proxy, to multiply the number of votes to which such stockholder may be entitled by the number of Directors for the election of whom he is entitled to vote at such meeting, and such stockholder may cast the whole number of such votes for one candidate or may distribute them among any two or more candidates. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected. The foregoing provisions of this paragraph shall not be changed with respect to any class of stock unless the holders of record of not less than two-thirds of the number of shares of such class of stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of stockholders at which any such change is considered.

3-1-71 18 742

Upon the accrual of the right of the holders of the Preferred Stock to elect a majority of the Board of Directors as above provided in this Subdivision 4.1, the Secretary of the Company shall call a special meeting of the stockholders of the Company for the purpose of electing a new Board of Directors, to be held not less than 45 nor more than 60 days after the accrual of such right; provided, that no such special meeting shall be called if the date of such accrual of such right shall be less than 120 days prior to the date fixed by the by-laws of the Company for the next annual meeting of stockholders.

The notice of any such special meeting and of any annual meeting of the Company at which the holders of the Preferred Stock shall have the right to elect Directors shall state (1) that by reason of the fact that the Company has defaulted in the payment of dividends payable on the Preferred Stock in an amount equal to four or more full quarter-yearly dividends per share, the holders of the Preferred Stock, voting together as a class, are entitled to elect the smallest number of Directors necessary to constitute a majority of the full Board of Directors; (2) that any holder of Preferred Stock has the right at any reasonable time to inspect and make copies of the list or lists of the holders of Preferred Stock maintained at the principal office of the Company or at the office of any transfer agent for the Preferred Stock; and (3) the substance of the next succeeding paragraph with respect to the number of shares of Preferred Stock required to be represented at any meeting or adjournment thereof for the election of Directors of the Company at which such holders have the right to elect Directors.

At any such special or annual meeting at which the holders of the Preferred Stock shall have the right to elect Directors, the presence in person or by proxy of the holders of a majority of the outstanding Common Stock shall be required to constitute a quorum of such class for the election of Directors and the presence in person or by proxy of the holders of a majority of the outstanding Preferred Stock shall be required to constitute a quorum of such class for the election of Directors; provided, however, that in the absence of such a quorum of the holders of the Preferred Stock, no election of Directors shall be held but a majority of the holders of the Preferred Stock who are present in person or by proxy shall have power to adjourn the meeting for election of Directors to a date not less than 25 nor more than 60 days from the date of such original meeting. At any such adjourned meeting the presence in person or by proxy of the holders of 35% of the outstanding Preferred Stock shall constitute a quorum of such class for the election of Directors.

In the event any such special or annual meeting of stockholders shall be adjourned as aforesaid, the Secretary of the Company shall, within 10 days after the date of the original meeting, cause notice of the adjourned meeting to be given to all stockholders of the Company entitled to vote thereat. Such notice shall contain substantially the statements hereinabove required with respect to the original meeting, and shall further state that the required quorum of the holders of the Preferred Stock was not present at such original meeting and that the holders of 35% of the outstanding Preferred Stock will constitute a quorum of such class for the election of Directors at such adjourned meeting.

If the requisite quorum of holders of the Preferred Stock shall not be present at such adjourned meeting, then in case the original meeting was a special meeting called as aforesaid, the Directors of the Company then in office shall remain in office until the next annual meeting of the stockholders of the Company and until their successors have been elected and shall qualify; or, if such original meeting was an annual meeting of stockholders, all members of the Board of Directors to be elected at such meeting shall be elected by a vote of the holders of a majority of the shares of Common Stock of the Company present in person or represented by proxy at such adjourned meeting.

Whenever, under the foregoing provisions of this Subdivision 4.1, the rights of the holders of the Preferred Stock to elect a majority of the Board of Directors of the Company shall terminate, the Secretary of the Company shall call a special meeting of the holders of the Common Stock of the Company (and

743

3-1-71 13

of any other shares of stock of the Company at the time entitled to vote for the election of Directors) for the purpose of electing a new Board of Directors, unless the annual meeting of stockholders is to convene within 120 days after such termination.

If, at any meeting held for the purpose of electing Directors upon the accrual or termination of the right of holders of the Preferred Stock to elect Directors as provided in this Subdivision 4.1, any Director shall not be re-elected, his term of office shall end upon the election of his successor, notwithstanding that the term for which he was originally elected shall not at the time have expired.

Any vacancy among Directors occurring during any period for which members of the Board of Directors shall have been elected by the holders of Preferred Stock pursuant to this Subdivision 4.1 may be filled (i) by plurality vote, at any annual meeting of stockholders or at a special meeting which may be called for the purpose and in the manner hereinabove in this Subdivision 4.1 provided, of the shares of the class by which the Director whose place is to be filled (or his predecessor in the case of a Director who has succeeded to a vacancy) was elected or (ii) pending such action, by the affirmative vote of a majority of the remaining Directors elected by vote of the shares of the class by which such Director (or his predecessor) was elected, or succeeding to a director or directors so elected. In any such case, any Director so elected shall hold office, subject to the provisions of this Subdivision 4.1, until the next annual meeting of stockholders and until his successor shall have been duly elected and qualified.

4.2. Preemptive Rights. Upon any issue for money or other consideration of any stock of the Company that may be authorized from time to time, no holder of stock irrespective of the kind of such stock shall have any preemptive or other right to subscribe for, purchase, or receive any proportionate or other share of the stock so issued, but the Board of Directors may dispose of all or any portion of such stock as and when it may determine, free of any such rights, whether by offering the same to stockholders or by sale or other disposition as said Board may deem advisable; provided, however, that if the Board of Directors shall determine to offer any new or additional shares of Common Stock, or any security convertible into Common Stock, for money, other than by a public offering of all of such shares or an offering of all of such shares to or through underwriters or investment bankers who shall have agreed promptly to make a public offering of such shares, the same shall first be offered pro rata to the holders of the then outstanding shares of Common Stock of the Company at a price not less favorable than the price at which the Board of Directors issues and disposes of such stock or securities to other than such holders of Common Stock, before deducting reasonable commissions or compensation that may be paid by the Company in connection with the sale of any such stock or securities, and provided further, that the time within which such preemptive rights shall be exercised may be limited by the Board of Directors to such time as the said Board may deem proper, not less, however, than ten (10) days after mailing of notice that such stock rights are available and may be exercised. The foregoing provisions of this paragraph shall not be changed unless the holders of record of not less than two-thirds of the number of shares of Common Stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of stockholders at which any such change is considered.

4.3. Amendments to By-laws. The Board of Directors may make, amend and repeal the By-Laws with respect to those matters which are not, by statute, reserved exclusively to the stockholders, subject always to the power of the stockholders to change such action.

4.4. Amendments to Charter. Subject to the provisions of Subdivision 1.5 of the foregoing Division A, and subject to the voting rights given to any particular series of the Preferred Stock and of the Preference Stock by the Board of Directors pursuant to Subdivision 1.1 of Division A hereof or Subdivision 2.1 of Division B hereof, and except where the consent or affirmative vote of the holders of a larger number of shares of Common Stock is required under the foregoing provisions hereof, no amendment to the

3-1-71.18 744

charter of the Company shall be made unless the holders of record of not less than a majority of the number of shares of the Common Stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of stockholders at which any such amendment is considered.

4.5. *Quorum.* A representation of a majority in interest of the Common Stock of the Company (or of the Common Stock and any one or more series of Preferred Stock and Preference Stock which shall have been granted equal voting rights with the Common Stock by the Board of Directors pursuant to Subdivision 1.1 of Division A hereof or Subdivision 2.1 of Division B hereof, considered as a single class), shall constitute a quorum requisite for the transaction of business at all meetings of holders of such stock; but if for any cause less than a majority in interest of such stock be represented at any such meeting, the meeting may adjourn from time to time, and the holders of a majority in interest of such stock, meeting in pursuance of such adjournment in person or by proxy, may proceed to the transaction of business.

4.6. *General.* The Company may issue and dispose of any of its authorized shares for such consideration as may be fixed by the Board of Directors subject to the laws then applicable and to the provisions of Subdivision 4.2 of this Division D. The consideration received by the Company from the issuance and sale of any additional shares of capital stock without par value shall be entered in the capital stock account.

Division E—STATEMENTS WITH RESPECT TO SERIES OF PREFERRED STOCK.

The designations of the first seven series of Preferred Stock, and the rates of dividends thereon, the price or prices at and the terms and conditions on which shares thereof may be redeemed, the amounts payable in event of voluntary or involuntary liquidation (the amount payable upon involuntary liquidation being hereinafter referred to as the "fixed liquidation price" and the amount of premium payable in addition to the fixed liquidation price upon voluntary liquidation being hereinafter referred to as the "fixed liquidation premium"), and the additional terms and conditions thereof, are as follows:

1. **4% Preferred Stock.** Effective August 25, 1950, there was created and established an initial series of Preferred Stock consisting of and limited to 550,000 shares, having the following relative rights and preferences:

- (a) *Designation.* The said initial series of Preferred Stock shall be designated "4% Preferred Stock".
- (b) *Dividend Rate.* The fixed dividend rate shall be 4% per annum. Dividends on said initial series of Preferred Stock shall commence to accrue and be cumulative from November 1, 1950.
- (c) *Redemption.* The redemption price for the 4% Preferred Stock shall be the sum of the following: the par value per share plus a premium of \$4 per share if redeemed on or prior to December 31, 1951; of \$3.50 per share if redeemed thereafter and on or prior to December 31, 1954; of \$3 per share if redeemed thereafter and on or prior to December 31, 1957; of \$2.50 per share if redeemed thereafter and on or prior to December 31, 1960; of \$2 if redeemed thereafter and on or prior to December 31, 1963; and of \$1.50 if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption.
- (d) *Liquidation.* The fixed liquidation price for the 4% Preferred Stock shall be the par value per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

2. **3.75% Preferred Stock.** Effective September 13, 1950, there was created and established a series of Preferred Stock consisting of and limited to 150,000 shares, having the following relative rights and preferences:

- (a) *Designation.* The said series of Preferred Stock shall be designated "3.75% Preferred Stock".

3-1-71.18 745

- (b) *Dividend Rate.* The fixed dividend rate shall be 3.75% per annum.
- (c) *Redemption.* The redemption price for the 3.75% Preferred Stock shall be the sum of the following: the par value per share plus a premium of \$2.50 per share if redeemed on or prior to December 31, 1951; of \$2.00 per share if redeemed thereafter and on or prior to December 31, 1954; of \$1.50 per share if redeemed thereafter and on or prior to December 31, 1957; and of \$1.00 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption.
- (d) *Liquidation.* The fixed liquidation price for the 3.75% Preferred Stock shall be the par value per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

3. 4.15% Preferred Stock. Effective September 17, 1952, there was created and established a series of Preferred Stock consisting of and limited to 140,000 shares, having the following relative rights and preferences:

- (a) *Designation.* The said series of Preferred Stock shall be designated as "4.15% Preferred Stock".
- (b) *Dividend Rate.* The fixed dividend rate shall be 4.15% per annum.
- (c) *Redemption.* The redemption price for the 4.15% Preferred Stock shall be the sum of the following: the par value per share plus a premium of \$2.98 per share if redeemed on or prior to December 31, 1955; of \$2.48 per share if redeemed thereafter and on or prior to December 31, 1958; of \$2.23 per share if redeemed thereafter and on or prior to December 31, 1961; and of \$1.73 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption.
- (d) *Liquidation.* The fixed liquidation price for the 4.15% Preferred Stock shall be the par value per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

4. 4.20% Preferred Stock. Effective December 8, 1953, there was created and established a series of Preferred Stock initially consisting of 100,000 shares, having the following relative rights and preferences:

- (a) *Designation.* The said series of Preferred Stock shall be designated as "4.20% Preferred Stock".
- (b) *Dividend Rate.* The fixed dividend rate shall be 4.20% per annum.
- (c) *Redemption.* The redemption price for the 4.20% Preferred Stock shall be the sum of the following: the par value per share plus a premium of \$3.46 per share if redeemed on or prior to December 31, 1958; of \$2.96 per share if redeemed thereafter and on or prior to December 31, 1963; of \$2.21 per share if redeemed thereafter and on or prior to December 31, 1968; and of \$1.71 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption.
- (d) *Liquidation.* The fixed liquidation price for the 4.20% Preferred Stock shall be the par value per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

5. 4.10% Preferred Stock. Effective June 29, 1954, there was created and established a series of Preferred Stock initially consisting of 120,000 shares, having the following relative rights and preferences:

3-1-71.18 746

- (a) *Designation.* The said series of Preferred Stock shall be designated as "4.10% Preferred Stock".
- (b) *Dividend Rate.* The fixed dividend rate shall be 4.10% per annum.
- (c) *Redemption.* The redemption price for the 4.10% Preferred Stock shall be the sum of the following: the par value per share plus a premium of \$3.25 per share if redeemed on or prior to December 31, 1959; of \$2.75 per share if redeemed thereafter and on or prior to December 31, 1964; of \$2.25 per share if redeemed thereafter and on or prior to December 31, 1969; and of \$1.75 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption.
- (d) *Liquidation.* The fixed liquidation price for the 4.10% Preferred Stock shall be the par value per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

6. **\$2.10 Preferred Stock.** Effective January 20, 1955, there was created and established a series of Preferred Stock initially consisting of 160,000 shares, having the following relative rights and preferences:

- (a) *Designation.* The said series of Preferred Stock shall be designated as "\$2.10 Preferred Stock".
- (b) *Dividend Rate.* The fixed dividend rate shall be 4.20% per annum.
- (c) *Redemption.* The redemption price for the \$2.10 Preferred Stock shall be the sum of the following: the par value per share plus a premium of \$3.34 per share if redeemed on or prior to December 31, 1959; of \$2.84 per share if redeemed thereafter and on or prior to December 31, 1964; of \$2.34 per share if redeemed thereafter and on or prior to December 31, 1969; and of \$1.84 per share if redeemed at any time thereafter, plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption.
- (d) *Liquidation.* The fixed liquidation price for the \$2.10 Preferred Stock shall be the par value per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.

7. **\$8.64 Preferred Stock.** Effective November 13, 1969, there was created and established a series of Preferred Stock initially consisting of 300,000 shares, having the following relative rights and preferences:

- (a) *Designation.* The said series of Preferred Stock shall be designated as the "\$8.64 Preferred Stock".
- (b) *Dividend Rate.* The fixed dividend rate shall be \$8.64 per share per annum. Dividends on said series of Preferred Stock shall commence to accrue and be cumulative from the date of the initial issue of shares of such series.
- (c) *Redemption.* The redemption price for the \$8.64 Preferred Stock shall be the sum of the following: \$100 per share plus a premium of \$10 per share if redeemed on or prior to September 30, 1979; of \$7 per share if redeemed thereafter and on or prior to September 30, 1984; of \$4 per share if redeemed thereafter and on or prior to September 30, 1989; and of \$1 per share if redeemed at any time thereafter plus, in any case, an amount equal to all dividends accrued or in arrears on such stock to the date of redemption; provided, however that the Company will not, prior to October 1, 1974, redeem any shares of \$8.64 Preferred Stock if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or

3-1-71.18 747

indirectly, of borrowed funds or the proceeds of an issue of any stock ranking prior to or on a parity with the \$8.64 Preferred Stock as to dividends or assets if such borrowed funds have an interest rate or cost to the Company (calculated in accordance with generally accepted financial practice), or such stock has a dividend rate or cost to the Company (so calculated), less than the dividend rate or cost to the Company (so calculated) of the \$8.64 Preferred Stock.

- (d) *Liquidation.* The fixed liquidation price for the \$8.64 Preferred Stock shall be \$100 per share thereof; and the fixed liquidation premium thereon shall be an amount per share equal to the redemption premium at the time applicable thereto.
- (e) As an additional term and condition of the \$8.64 Preferred Stock, the Company shall annually purchase shares of the \$8.64 Preferred Stock pursuant to tenders to it as follows:

At least 30 and not more than 60 days prior to January 1 of each year beginning with 1971 and continuing thereafter so long as there shall be outstanding any shares of said series of Preferred Stock, the Company shall, by a written notice mailed, postage prepaid, to the holders of record of the shares of such series of Preferred Stock on the date fixed in such notice, which date shall be not less than 30 nor more than 60 days prior to the January 1 next succeeding the date of such notice, at their respective addresses appearing on the books of the Company, offer to purchase on January 1 and at the place or places specified in such notice, such number of whole shares of the \$8.64 Preferred Stock, not exceeding 6,000, as are tendered to it on or before the December 31 next succeeding the date of such notice at not more than \$100 per share. Tenders will be accepted in the order of the prices at which they are made, those offered at the lowest price to be first purchased. If more than 6,000 shares shall be properly tendered in any year those purchased at the highest price accepted shall be accepted, if necessary, pro rata as nearly as practicable. The obligation of the Company to make such purchases shall be noncumulative from year to year and shall be subject to the prohibitions and limitations contained in the Company's Restated Articles regarding the purchase of outstanding Preferred Stock.

IN TESTIMONY WHEREOF, the applicant has caused these Articles of Amendment to be signed by its Chairman of the Board and by its Secretary, and its corporate seal to be hereunto affixed, this 20th day of April, 1971.

[CORPORATE SEAL]

DUQUESNE LIGHT COMPANY

By John M. Arthur
John M. Arthur, Chairman of the Board

By Howard W. Staas
Howard W. Staas, Secretary

Filed in the Department of State on the 21st day of April, A.D. 1971.

C. W. Laredo Tucker
Secretary of the Commonwealth

Commonwealth of Pennsylvania



Department of State Office of the Secretary of the Commonwealth

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, In and by Article VIII of the Business Corporation Law, approved the fifth day of May, Anno Domini one thousand nine hundred and thirty-three, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment and restatement of the Articles of Incorporation in their entirety of a business corporation organized under or subject to the provisions of that Law; and

WHEREAS, The stipulations and conditions of that Law pertaining to the amendment of Articles of Incorporation have been fully complied with by

DUQUESNE LIGHT COMPANY

HENCEFORTH, The "Articles," as defined in Article I of the Business Corporation Law, shall not include any prior documents;

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth and under the authority of the Business Corporation Law, I do by these presents, which I have caused to be Sealed with the Great Seal of the Commonwealth, extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Business Corporation Law and all other applicable laws of this Commonwealth.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 21st day of April, in the year of our Lord, one thousand nine hundred and seventy-one and of the Commonwealth, the one hundred and ninety-fifth.

C. McLaughlin Tucker

Attachment I

Duquesne Light Company
Agreements with Financial Covenants
June 23, 1997

Agreement	Minimum Equity Requirement	Minimum Net Worth Requirement 000's omitted	Minimum Cash Coverage Ratio
Pollution Control Revenue Bond Reimbursement Agreements			
<i>\$50 million Allegheny Co. Revenue Refunding Bonds, 1990 Series A Letter of Credit and Reimb. Agreement Dated 9/1/95 between Duquesne Light Co. and Barclays Bank, PLC</i>	26%	\$ 650,000	1.5
<i>Beaver County Revenue Refunding Bonds, 1990 Series A, B, C Letter of Credit and Reimb. Agreement Dated 7/1/95 between Duquesne Light Co. and Barclays Bank, PLC</i>	n/a	\$ 650,000	1.5
<i>\$13.5 million Ohio Water Development Authority Bonds, Letter of Credit and Reimb. Agreement dated 12/1/89 between Duquesne Light Co. and Barclays Bank, PLC</i>	26%	\$ 825,000	1.5
<i>\$47.925 million Allegheny County Revenue Refunding Bonds, 1992 Series A Letter of Credit and Reimbursement Agreement dated 12/1/92 between Duquesne Light Co. and Canadian Imperial Bank of Commerce</i>	26%	\$ 825,000	1.5
<i>Reimbursement Agreement dated 10/1/94 among Duquesne Light and Swiss Bank Corporation and the Participating Banks</i>	n/a	\$ 650,000	1.5
<i>Reimbursement Agreement dated 12/1/94 between Duquesne Light Company and Societe Generale - 1994 Series A Ohio Water</i>	n/a	\$ 650,000	1.5
<i>Reimbursement Agreement dated 12/1/94 between Duquesne Light Company and Societe Generale - 1994 Series B Ohio Air</i>	n/a	\$ 650,000	1.5
Revolving Credit Agreement			
<i>Revolving Credit Agreement dated 10/7/94 among Duquesne Light Company, the Participating Banks, Mellon Bank, N.A. and the First National Bank of Chicago</i>	n/a	\$ 650,000	1.5
Beaver Valley 2 Sale/Leaseback Reimbursement Agreement			
<i>Reimbursement Agreement dated 10/1/94 among Duquesne Light Co. Union Bank, Swiss Bank Corp. and the Participating Banks</i>	31%	\$ 825,000	1.5

Note: Most of the Duquesne Light financing agreements have X-default provisions meaning that a default in any of the above agreements will cause a X-default in other agreements.

DUQUESNE LIGHT COMPANY

EXHIBIT A

Maintenance of Equity (as of 3/31/97)
Section 11(h) of Reimbursement Agreement
Dated as of October 1, 1994

Calculation of Duquesne Light Consolidated Common Equity
(Thousands of Dollars)

Common Stock and Capital Surplus	\$ 822,423
Retained Earnings	<u>160,859</u>
Total Common Stockholders' Equity	983,282
Non-Redeemable Preferred and Preference Stock	<u>223,674</u>
Sub-Total	1,206,956
Exclusion of Disqualified Intangible Assets	(37,678)
Other Disqualifications: Excess of Certain Intangible Assets Over 1% of Total Duquesne Light Consolidated Assets	<u>(5,433)</u>
Duquesne Light Consolidated Common Equity	<u>\$1,163,845 (A)</u>

Calculation of Duquesne Light Consolidated Capitalization

Common Stockholders' Equity	\$983,282
Non-Redeemable Preferred and Preference Stock	223,674
Long-Term Debt	1,234,921
Obligations Under Capital Leases	24,150
Current Maturities and Sinking Fund Requirements	105,229
Guarantees of Unaffiliated Company's Indebtedness and Capital Leases	<u>15,952</u>
Duquesne Light Consolidated Capitalization	<u>\$2,587,208 (B)</u>
Ratio of Duquesne Light Consolidated Common Equity to Duquesne Light Consolidated Capitalization (A/B)	<u>44.98%</u>
MINIMUM REQUIREMENT	<u>31.00%</u>

DUQUESNE LIGHT COMPANY

EXHIBIT B

Cash Coverage Ratio (12 Months Ended 3/31/97)
Section 11(i) of Reimbursement Agreement
Dated as of October 1, 1994

Calculation of Cash Coverage Ratio
(Thousands of Dollars)

(i)	Duquesne Light Consolidated Net Income	\$149,526
<u>Adjustments to Net Income</u>		
(ii)	Extraordinary Items	None
(iii)	Income Taxes	88,360
(iv)	Actual Interest Expense	99,919
(v)	Depreciation and Amortization	214,538
(vi)	Allowance for Equity Funds Used During Construction	None
(vii)	Allowance for Borrowed Funds Used During Construction	(1,555)
(viii)	Other Non-cash Items Described in Statement of Financial Accounting Standards No. 90	(58)
	Adjusted Duquesne Light Consolidated Net Income	<u>\$550,730 (A)</u>
	Actual Interest Expense	<u>\$99,919 (B)</u>
	Duquesne Light Consolidated Cash Coverage Ratio (A/B)	<u>5.51</u>
	MINIMUM REQUIREMENT	<u>1.50</u>

DUQUESNE LIGHT COMPANY

EXHIBIT C

Duquesne Light Consolidated Net Worth (as of 3/31/97)
Section 11(j) of Reimbursement Agreement
Dated as of October 1, 1994

Calculation of Duquesne Light Consolidated Net Worth
(Thousands of Dollars)

Common Stock and Capital Surplus	\$822,423
Retained Earnings	160,859
Non-Redeemable Preferred and Preference Stock	<u>223,674</u>
Total Duquesne Light Consolidated Net Worth	<u>\$1,206,956</u>
MINIMUM REQUIREMENT	<u>\$ 825,000</u>

DUQUESNE LIGHT COMPANYH. Rate of Return

16. A schedule of comparative financial data shall be supplied for the base year. Changes in Moody's/Standard & Poors ratings, noted on this schedule, shall be accompanied by the Moody's/Standard & Poors write up for such change, if available. The following financial data and ratios shall be supplied for the utility's parent, where applicable, if not available for the utility.
- (a) Times interest earned ratio - pre-tax and post-tax basis.
 - (b) Preferred stock dividend coverage ratio - post-tax basis.
 - (c) Times fixed charges earned ratio - pre-tax basis.
 - (d) Earnings per share.
 - (e) Dividend per share.
 - (f) Average dividend yield (52-week high/low common stock price).
 - (g) Average book value per share.
 - (h) Average market price per share.
 - (i) Market price-book value ratio.
 - (j) Earnings-book value ratio (per share basis, average book value).
 - (k) Dividend payout ratio
 - (l) Allowance for Funds Used During Construction as a percent of earnings available for common equity.
 - (m) Construction work in progress as a percent of net utility plant.
 - (n) Effective income tax rate.
 - (o) Internal cash generations as a percent of total capital requirements.

Response:

The requested financial statistics are set forth on page 2 of this item. There have been no changes in the Company's credit ratings from Moody's or Standard and Poor's since 1990.

**COMPARATIVE FINANCIAL DATA
AS OF DECEMBER 31, 1996
(\$ IN THOUSANDS)**

Item No: H-16
Page 2 of 2

	DQE 12/31/96	Duquesne Light Company 12/31/96
A. Times Interest Earned Ratio - Pre-tax	5.44	6.06
Times Interest Earned Ratio - Post-tax	4.65	5.08
B. Preferred Stock Dividend Coverage Ratio - Post-tax	34.18	31.27
C. Times Fixed Charges Earned Ratio - Pre-tax	2.69	2.57
D. Earnings Per Share	\$2.32	N/A
E. Dividends Per Share	\$1.30	N/A
F. Average Dividend Yield	4.58%	N/A
G. Average Book Value Per Share	\$17.60	N/A
H. Average Market Price Per Share	\$28.39	N/A
I. Market Price - Book Value Ratio	1.61	N/A
J. Earnings - Book Value Ratio	0.13	N/A
K. Dividend Payout Ratio	0.55	N/A
L. AFUDC as a % of Earnings Available for Common Equity	0.70%	0.86%
M. CWIP as % of Net Utility Plant	1.66%	1.66%
N. Effective Income Tax Rate	32.28%	36.92%
O. % of Internal Cash Generation To Total Capital Requirement	149.49%	2.17%

**MOODY'S / STANDARD & POOR'S
SECURITIES' RATINGS
FOR DUQUESNE LIGHT COMPANY**

<u>Security</u>	<u>S&P</u>	<u>Moody's</u>
First Mortgage Bonds	BBB+	Baa1
Debentures	BBB	Baa2
Preferred (1)	BBB	baa3
Monthly Income Preferred Securities	BBB	baa3
Commercial Paper	A-2	P2
Penn Fuel Commercial Paper	A-2	P2
Collateralized Lease Bonds	BBB	Baa3

(1) There is no publicly held preference stock as of 1/14/94

FILE

CONTINUED