

Flex Plan with Savings through October 2010

Nicor Advanced Energy's Flex Plan now guarantees you'll save at least 5 cents per therm from what you would pay the utility through October 2010. And if our per-therm price doesn't beat the utility's price by at least 5 cents per therm during that time, Nicor Advanced Energy will credit you back the difference on your November 2010 bill. And after this initial period, you'll remain on the Flex Plan which is a variable rate price based on the daily market price of gas from Gas Daily Daily, plus a set cost per therm.

GENERAL, PRODUCT, PRICING & ENROLLMENT QUESTIONS—

1. How does the program work? Nicor Advanced Energy's Flex Plan is a variable rate billing program that allows you to purchase your natural gas based on the prevailing daily market prices, while offering a guaranteed savings of at least 5 cents per therm versus the utility's per-therm price through your October billing date. If from the time of your activation until the end of the October 2010 billing period, your bill does not reflect a savings of at least 5 cents from the utility's per-therm price, you will receive a credit on your November 2010 Flex Plan bill. After this initial period, you'll remain on the Flex Plan which is a variable rate price based on the daily market price of gas from Gas Daily Daily, plus a set cost per therm.

2. How long is the program? Nicor Advanced Energy's Flex Plan with Guaranteed Savings is offered beginning in April 2010 and runs until the end of the October 2010 billing period. After this initial period, you'll remain on the Flex Plan, which is a variable rate price based on the daily market price of gas from Gas Daily Daily, plus a set cost per therm. The Flex Plan is a month-to-month agreement that renews automatically.

3. What are the benefits of the program? With this program, you will be guaranteed at least a 5 cents per-therm savings over the utility's per-therm price through your October 2010 billing period. The program also provides gas price flexibility, because your price per therm varies up and down with the daily market price of natural gas.

Once you've enrolled in the program, you may switch to one of our other price protection plans, if eligible, to give you more control over your gas bill or to take advantage of favorable market conditions. However, you will no longer be entitled to the guaranteed savings offer available on Flex Plan through October 2010.

4. How are my program charges determined?

Your program charge is based on your estimated daily usage times your variable rate, which changes daily, plus a fixed cents-per-therm charge.

5. How do you determine my estimated daily usage?

The utility determines your monthly usage. We allocate that actual usage to the individual days to get your estimated daily usage; then we add up those daily charges for the month. We allocate your monthly usage to daily usage based on typical residential usage patterns in the utility's territory. That allocation includes both factors for base use regardless of weather and changes in gas consumption related to temperature. On days when it's colder many people use more gas than on days when it's warmer. So, more of your monthly usage will be allocated over those colder days.

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6. How do you determine my per-therm savings amount?

Your natural gas will be billed at a variable rate plus a set cost per therm. After your October 2010 bill date, we will calculate what you would have paid the utility based on their monthly price per therm during the time you were on the program. If you didn't save at least 5 cents per therm on our program during that time, we will credit you the difference on your November 2010 bill.

If the price you paid per therm through your October 2010 bill date was at least 5 cents less than the utility's per-therm price during that same period, you've already enjoyed the lower price guarantee throughout the period and you will not receive a credit on your November 2010 bill.

Only customers who are current and active in the program through their October 2010 billing cycle will receive the 5 cents per-therm guaranteed savings. The savings will be calculated versus the utility's price per therm, for each billing period through October 2010 that you are on the program.

Any credit coming to you will be issued on your November 2010 Nicor Advanced Energy bill.

7. What is the daily market price Nicor Advanced Energy uses? Nicor Advanced Energy uses the daily market index price called the Gas Daily Daily or "GDD," plus a set cost per therm. This index is commonly used in the natural gas industry to establish daily pricing. It is published online at Platts.com as the "Gas Daily, Daily Price Survey, Chicago-Local Distribution Company's midpoint."

8. When will my Flex Plan begin?

After you enroll, you will receive at least one more regular gas bill, which you will be responsible for paying. You will become active in the program at the first meter reading after the utility accepts you into its Choice Program.

9. How long does my contract last?

The Flex Plan is a month-to-month agreement that renews automatically. Once you've enrolled in the program, you may switch to one of our other price protection programs, if eligible, to give you more control over your gas bill or to take advantage of favorable market conditions. The program can be cancelled at any time without cancellation fees. However, you must remain on the program through your October 2010 billing cycle to receive a credit, if you are entitled to one, for the 5 cents per-therm guaranteed savings.

ELIGIBILITY—

10. Who is eligible for the program? The program is available to both residential and small commercial users. For commercial customers, eligibility is based on the size of the meter installed to serve your business. Other eligibility conditions also apply. To find out if you're eligible in the Nicor Gas territory, call our toll-free number at 800-456-9630. To find out if you're eligible in the Peoples/North Shore Gas territory, call our toll-free number at 888-282-9442.

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FEE RELATED—

11. Are there any additional fees to enroll in the program? No. There are no enrollment fees or monthly administrative fees in the program.

CANCELLATION RELATED—

12. Is there a fee if I decide to cancel? The program is a month-to-month agreement. You may cancel without penalty. However, you are responsible for any remaining unpaid balances for the period of time you were on the program, and you must remain on the program through your October 2010 billing cycle to receive a credit, if you are entitled to one, for the 5 cents per-therm guaranteed savings. If you wish to discontinue the program, simply call us or write to us, and we will change your service to one of our other price protection plans, if eligible, or return you to utility service at the beginning of your next billing cycle.

13. What is rescission and how is it different from cancellation? The rescission of a contract returns the parties to the positions they would have occupied if the contract had not been made. If you decide to rescind your contract, you will not receive service from NAE. You have 10 days from the postmark date of the gas utility letter to request rescission of your contract with NAE. Once a contract is rescinded, you will remain with the energy supplier you had contracted with prior to enrolling in the NAE contract. To rescind your contract in the Nicor territory, call Nicor Gas at 1-888-NICOR4U; in the Peoples Gas or North Shore Gas territory, call 1-866-556-6001.

SAVINGS—

14. Will I save money on the program versus what I would have paid on traditional utility service? Customers are guaranteed to receive at least a 5 cents per-therm savings over the utility's per-therm rate from the time of their activation through their October 2010 billing period. Customers must be in good standing and remain on the program through the November 2010 billing date to receive a credit if they are entitled.

After the October 2010 billing date, you may or may not save on the program versus traditional utility service. This will depend on several factors, including the Flex Plan's daily price versus the utility's monthly price per therm for the same time period. This guaranteed savings offer is only available through the October 2010 billing period and does not continue every year.

ACCESSING CALLERS PERSONAL INFORMATION—

15. Why does Nicor Advanced Energy need to request permission from the customer to access customer utility information prior to checking the customer's eligibility and quoting a program amount? Customers' utility information is proprietary, therefore, Nicor Advanced Energy is required to ask customers for their permission to access their utility information for programs such as this.

CUSTOMER SERVICE QUESTIONS—

16. Who do I contact if I have questions about my program agreement? In the Nicor gas territory, call our toll-free number at 866-799-2674. In the Peoples Gas/North Shore Gas territory, call 888-282-9459.

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CHOICE QUESTIONS—

17. If I am already with another supplier, can I get on this Flex Plan program? Yes, and your contract with your current supplier will be cancelled. Prior to enrolling in this program, you should review your supplier contract or contact your current supplier to determine if there are any cancellation fees. However, the guaranteed savings of at least 5 cents per therm versus the utility is only available through your October 2010 billing period.

MOVING QUESTIONS—

18. If I move to a new address, will my program contract automatically carry over? No. However, we can offer you a new energy billing plan at your new address if you move within the Nicor Gas, Peoples Gas or North Shore Gas territory. Be sure to contact us before you move so we can change your billing address and enroll you in an energy billing plan at your new service address.

NICOR ADVANCED ENERGY RELATED QUESTIONS—

19. Why is Nicor Advanced Energy offering the Flex Plan with the guaranteed savings offer through October 2010? This is an introductory offer that provides you the opportunity to try our market-based rate while gaining the immediate benefit of guaranteed savings through October 2010. After that time, you can remain on Flex Plan or switch to a price protection plan without any switching fee, if market conditions change. Nicor Advanced Energy continues to develop new energy products to address changing consumer needs.

20. What's the difference between Nicor Advanced Energy and Nicor Gas?

Nicor Advanced Energy and Nicor Gas are different companies that share the same Nicor name, which has been a fabric of the communities in northern Illinois for over 50 years. More and more customers are choosing Nicor Advanced Energy as their gas supplier after considering the benefits of our energy plans.

BUDGET PLAN QUESTIONS—

21. What if I am already enrolled in the gas utility budget plan and I now want to enroll in the Flex Plan? If you decide to enroll in the program, you will automatically be removed from your current budget plan. You will remain responsible for any true-up amount you may owe, and it will be presented on your final utility bill.

If you have built a credit balance with Nicor Gas, the credit will be directly transferred to your Nicor Advanced Energy Account. If you have built a credit balance with Peoples Gas or North Shore Gas, Nicor Advanced Energy will have a refund check issued to you so you can apply those funds to future Nicor Advanced Energy bills.

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UTILITY PLAN QUESTIONS—

22. How is the Flex Plan with the guaranteed savings offer through October 2010 different from the utility or other traditional billing plans? One exception is that this program is based on a daily index price while the utility's price is based on a monthly calculation and other factors. In addition, this program offers a 5 cents per-therm guaranteed savings over the utility's per-therm price for customers who remain in the program and are in good standing through their October 2010 billing cycle.

With this program, you're also able to conveniently pay your monthly bill through a credit card or automatic checking for no additional fees. As a Nicor Advanced Energy customer, you also will be eligible for valuable discounts on repair and maintenance plans offered through Nicor Services for your furnace, air conditioner and other appliances in your home.

PAYMENT & BILLING QUESTIONS—

23. When will I receive my first bill from Nicor Advanced Energy? After you enroll, you will receive at least one more utility bill, which you will be responsible for paying. You will become active in this program upon the first meter reading after you are accepted into the utility's Choice program. You will receive your first bill approximately 30 days after you become active in the program.

24. Will I receive a different gas bill if I'm on the Nicor Advanced Energy Flex Plan?

Yes. Other than an easier-to-read bill format, the Nicor Advanced Energy bill is very similar to the traditional utility gas bill.

25. How is this bill different from the regular utility bill? Nicor Advanced Energy will bill you monthly with a simple, easy-to-read bill for your program charge, your utility distribution charges, taxes, and any other repair or maintenance plans you have purchased from Nicor Services.

26. What happens if I don't pay off my entire utility balance before I receive my first bill? You are still responsible for any balances and/or additional late-payment fees from the utility that remain outstanding until that balance is paid off, while you are on the Flex Plan with guaranteed savings program. Customers who are past due at the time of their November 2010 billing period will not be eligible for any guaranteed savings credit they may be entitled to.

27. What happens if I pay more or less than my Nicor Advanced Energy bill amount in a given month? The amount you overpay will be considered a credit, which can be applied toward your next month's program amount if you so desire.

Underpaying will result in a past-due balance that will appear on your next month's bill. You will still be responsible for your past-due balance and any potential late-pay fees (1.5% of your outstanding monthly balance). Nicor Advanced Energy reserves the right to terminate program service due to nonpayment. In addition, customers whose accounts are past-due at the time of their November 2010 billing date will be ineligible for any credit they may be entitled to that's associated with the 5 cents per-therm guaranteed savings offer.

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28. What happens if I don't pay my Nicor Advanced Energy bill? Nicor Advanced Energy reserves the right to terminate you from the program if you don't pay. You would still be responsible for any past-due balances, and any potential late-pay fees (1.5% of your outstanding monthly balance).

29. How can I pay for my program through a credit card or Electronic Funds Transfer (EFT) for no charge? You can sign up for credit card payments or Electronic Funds Transfer at our website at [www.nicoradvancedenergy.com/customer_support/Nicor Payment Solutions](http://www.nicoradvancedenergy.com/customer_support/Nicor_Payment_Solutions) or call us at 866-799-2674. Utilities frequently charge you for these services, but Nicor Advanced Energy does not.

SAFETY QUESTIONS—

30. Who do I contact if I have a gas leak or need the gas company to come out to my home? The toll-free number to call in the Nicor Gas territory in case of emergencies or if you smell natural gas is 1-888-Nicor4U. (1-888-642-6748). The toll-free number to call in

the Peoples Gas territory is 1-866-556-6002. The toll-free number to call in the North Shore Gas territory is 1-866-556-6005.

31. Will my meter still be read by the gas utility? Yes, your meter will continue to be read by the utility company, as usual.

32. Is the gas supply purchased through my program secure and reliable?

Yes. You will be purchasing your natural gas from Nicor Advanced Energy, a part of the Nicor Inc. family of companies that have been serving customers in Illinois for more than 50 years. The gas utility will continue to deliver your gas, read your meter and provide emergency service.

Nicor Advanced Energy has been approved by the Illinois Commerce Commission to supply gas to residential and small commercial customers within the Nicor, Peoples Gas and North Shore Gas territories. Additionally, Nicor Advanced Energy is in the Customer Select and Choices For You programs. As an approved supplier, we will sell you your gas and deliver it to the gas utility system. Your gas utility is still responsible for delivering this gas to your home and maintaining their distribution system.

If gas supplies from Nicor Advanced Energy are interrupted, your gas utility will provide back-up supplies so long as their supplies have not been interrupted.

33. Why does the guaranteed savings period only run through October 2010?

As you may know, natural gas prices across the country have been very volatile this past heating season. Therefore, natural gas prices and customer usage during the heating season do not allow us to offer a guaranteed savings program throughout the year at this time. But Nicor Advanced Energy is continually looking at ways to provide our customers with even greater value. So after the guaranteed saving period through October 2010, Nicor Advanced Energy recommends customers consider one of our fixed-rate protection products to lock in gas costs in advance of the heating season when gas costs typically reach their highest levels.

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34. How will Nicor Advanced Energy's Flex Plan rate of Gas Daily Daily or "GDD" plus a set cost per therm compare to Nicor Gas' standard gas rate following the guaranteed savings period? Looking forward, no one can say how the Flex Plan price will compare to the utility's price per therm because both the Flex Plan rate and the utility's standard gas rate are variable rates that adjust from period to period. The Flex Plan uses a "daily" rate that adjusts with the market price of natural each day based on an industry accepted and published index known as Gas Daily Daily plus a set cost per therm. This price may be lower or higher than the utility's standard gas rate set at the beginning of the month. So, for customers who desire more certainty about what their gas rates will be in future months, Nicor Advanced Energy recommends customers consider converting at no cost to one of its fixed-rate protection products to lock in costs for the next 12 months after they receive their guaranteed savings.