

ORIGINAL IN
CENTERIC MELLON
FOLDER

FIRST AMENDED AND RESTATED MASTER
DECOMMISSIONING TRUST AGREEMENT
dated as of December 16, 1996

between

~~THE CLEVELAND ELECTRIC ILLUMINATING COMPANY~~

(Davis-Besse, Perry and Beaver Valley)

and

MELLON BANK, N.A.
as Trustee

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Schedule I Nuclear Generating Units and Related Trust Funds

Schedule II Allocation of Initial Contributions

THIS FIRST AMENDED AND RESTATED DECOMMISSIONING TRUST AGREEMENT (hereinafter referred to as the "Agreement") made this 16th day of December, 1996, by and between The Cleveland Electric Illuminating Company, an Ohio corporation having its principal place of business at Cleveland, Ohio ("Company"), and Mellon Bank, N.A., a national bank, having its principal place of business at One Mellon Bank Center, Pittsburgh, Pennsylvania, not in its individual capacity but solely as trustee (the "Trustee").

RECITALS

The Company has certain obligations under Applicable Law (as such term and certain other capitalized terms used herein are defined in Article XIII hereof) with respect to the Decommissioning of its interests, whether now existing or hereinafter acquired, in the Nuclear Generating Units identified in Schedule I hereto.

The Company established a trust to provide for the Decommissioning of its interests in the Nuclear Generating Units pursuant to that certain DECOMMISSIONING TRUST AGREEMENT ("Original Trust Agreement") dated July 1, 1988 by and between the Company and AmeriTrust Company National Association as trustee (the "Predecessor Trustee").

The Original Trust Agreement was amended by that certain FIRST AMENDMENT TO MASTER DECOMMISSIONING TRUST AGREEMENT dated April 24, 1996 by and between the Company and Key Trust of Ohio National Association, a national banking association, as successor to AmeriTrust Company National Association.

On June 18, 1996, Key Trust of Ohio resigned as trustee and the Company appointed and designated NBD Bank as successor trustee under the terms of the Original Trust Agreement, as amended by the First Amendment to Master Decommissioning Trust Agreement.

On December 16, 1996, NBD Bank resigned as trustee and the Company appointed and designated Mellon Bank, N.A. as successor trustee under the terms of the Original Trust Agreement, as amended by the First Amendment to Master Decommissioning Trust Agreement.

The Company and the Trustee desire to amend and restate the Original Trust Agreement, as amended, as hereinafter set forth, pursuant to Section 10.1 of the Original Trust Agreement.

NOW, THEREFORE, the Company and the Trustee hereby agree as follows:

ARTICLE I ESTABLISHMENT AND DECLARATION OF TRUST

Section 1.1 Establishment of Trust.

The Company hereby establishes with the Trustee a master trust which shall (i) be known as the "The Cleveland Electric Illuminating Master Nuclear Decommissioning Trust" (the "Trust") and (ii) consist of a Qualified Trust Fund and a Non-Qualified Trust Fund for each Nuclear Generating Unit, as more fully identified in Schedule I hereto (sometimes collectively

referred to as the "Trust Funds" and each, individually, as a "Trust Fund"). The assets of the Trust shall consist of all money and other property received by the Trustee from the Predecessor Trustee, contributions to the Trust by the Company, and the earnings and the increments thereon, less disbursements therefrom. The property initially transferred to the Trustee by the Predecessor Trustee under this Section 1.1 shall consist of cash in the amounts set forth in Schedule II, which property shall initially be allocated to and held in the specific Trust Funds as indicated in Schedule II. The Company and the Trustee agree that Schedule II may be revised one time no later than 30 days after the signing of this agreement, to reflect certain accrued interest transferred to the Trustee by the Predecessor Trustee after the date of this Agreement. The rights, powers, titles, duties, discretions and immunities of the Trustee shall be governed solely by this Agreement.

Section 1.2 Declaration of Trust.

The Trustee declares that it will hold all estate, right, title (except as otherwise provided in Article IX hereof) and interest in and to the assets of the Trust Funds upon the trusts, and exclusively for the purposes, set forth herein.

ARTICLE II PURPOSE OF TRUST; USE OF TRUST ASSETS

Section 2.1 Purpose of Trust.

The Trust has been created and shall be maintained and operated for the exclusive purpose of providing funds for the satisfaction of the Company's Decommissioning obligations with respect to the Nuclear Generating Units and certain administrative costs and expenses incidental thereto, and except as expressly set forth in this Agreement, none of the assets of any Trust Fund shall be used for, or diverted to, any other purpose.

Section 2.2 Permitted Uses of Trust Funds.

2.2.1 The assets of each Trust Fund may be:

(a) used to fund, in whole or in part, the Decommissioning Costs of the Company with respect to the Decommissioning of the Nuclear Generating Unit to which such Trust Fund relates;

(b) used to pay taxes, administrative costs and other incidental expenses of, or allocable to, such Trust Fund, in each case only in accordance with, and subject to the provisions of, Article VII of this Agreement;

(c) invested and reinvested, as described and subject to the limitations set forth in Section 2.4, but only to the extent that

the assets of such Trust Fund are not currently required for the purposes described in clauses (a) and (b) above;

(d) transferred to another trust established by the Company or by any governmental instrumentality having jurisdiction over the decommissioning of nuclear generating plants for the purpose of funding the Company's Decommissioning Costs; and

(e) distributed to the Company, if and to the extent it is determined that the aggregate assets of such Trust Fund together with its Related Trust Fund are in excess of what is required to satisfy the purposes described in clauses (a) and (b) above; provided that, in the case of any Qualified Trust Fund, no such distribution may be made unless such distribution would constitute a withdrawal of Excess Contributions or would otherwise be a distribution permitted to be made from a Qualified Nuclear Decommissioning Reserve Fund under Applicable Tax Law.

2.2.2 The assets of each Qualified Trust Fund may be transferred to its Related Non-Qualified Trust Fund at the direction of the Company (a) in whole, to the extent that such Qualified Trust Fund has been terminated for purposes of Section 468A of the Code and (b) in part, to the extent of any Excess Contribution made to such Qualified Trust Fund. Subject to the requirements of Applicable Tax Law, the assets of each Related Non-Qualified Trust Fund may be transferred, in whole or in part, to the Related Qualified Trust Fund, at any time and from time to time, at the direction of the Company.

2.2.3 All payments from the Trust Funds (or any Trust Fund) or transfers of assets as between the Trust Funds shall only be made by the Trustee upon receipt of a Company Distribution Order indicating the recipient of the payment or transfer in question, as well as the manner, timing and amount of such payment or transfer. The Trustee shall be fully protected and shall be indemnified by the Company against any claims, damages, liabilities, losses, costs and expenses, including reasonable attorneys fees, resulting from its making payments or transfers pursuant to a Company Distribution Order without ascertaining whether such payment or transfer are in compliance with Applicable Tax Law and without responsibility to see to their application.

Section 2.3 Pooling of Assets; Fund Accounts.

2.3.1 It is the understanding of the Company and the Trustee that the Trustee may hold the Qualified Trust Funds, along with certain other Qualified Nuclear Decommissioning Reserve Funds held by the Trustee for the Toledo Edison Company, as a single commingled fund (known as the "Cleveland/Toledo Qualified Pooled Fund" or the "Qualified Pooled Fund"). However, the Trustee shall not include a Qualified Trust Fund in the Qualified Pooled Fund unless (a) all the funds participating in the Qualified Pooled Fund are in the same tax bracket for all of their income, and (b) each fund participating in the Qualified Pooled Fund is established

under a trust agreement containing provisions substantially identical to the provisions contained in this Section 2.3.

2.3.3 It is the understanding of the Company and the Trustee that the Trustee shall hold the Non-Qualified Trust Funds, along with certain other trust funds held by the Trustee for the Toledo Edison Company, as a single commingled fund (known as the "Cleveland/Toledo Non-Qualified Pooled Fund" or the "Non-Qualified Pooled Fund").

2.3.3 For bookkeeping purposes, the Trustee shall maintain a separate account (a "Fund Account") reflecting the interest of each trust fund (a "Participating Fund") participating in each Pooled Fund. The Fund Account for each Participating Fund shall consist of any money and property received from the Predecessor Trustee with respect to such Participating Fund, contributions to and payments from the Pooled Fund that are allocable to such Participating Fund, and the earnings and increments thereon, less disbursements therefrom attributable to the interest of the Participating Fund in the entire Pooled Fund. The Trustee shall advise the Company of the fair market value of the assets in each Pooled Fund and in each Participating Fund's Fund Account as of the close of each fiscal year of the Trust as determined by the Company, or at such more frequent intervals as may be mutually agreed upon between the Company and Trustee and shall allocate net earnings or loss of each Pooled Fund (including unrealized gains and losses), and any expenses (including Trustee's compensation) paid out of each Pooled Fund pursuant to Article VII hereof, among the Participating Funds on such basis as the Company may from time to time direct, as fairly and reasonably reflecting that portion of such net earnings or loss or such expenses which are attributable to each Participating Fund.

(a) The Trustee shall maintain a Fund Account for each Participating Fund. Such record is primarily for accounting purposes and does not require a segregation of assets to each Fund Account in a Pooled Fund, which for investment purposes, shall be held and administered as a single fund. However, assets in existence as of the date of this Agreement, and other assets identified as being assets of a particular Participating Fund may, upon direction of the Company, be identified with respect to such Trust Fund and shall hereinafter be referred to as "Identified Assets."

(b) Any Participating Fund containing "Identified Assets" as provided in subsection 2.3.3(a) above shall have the value of such assets excluded from the value of its Fund Account for the purposes of the allocation of net earnings or loss provided for in this subsection 2.3.3. Any earnings resulting from such assets shall be credited directly to such Fund Account after the pro rata allocation of net earnings or loss.

2.3.4 Notwithstanding any other provision of this Agreement, the Trustee shall make the book and tax allocations of the Pooled Funds in proportion to each Participating Fund's relative book capital accounts.

2.3.5 Notwithstanding any other provision of this Agreement, with respect to the pooling of investments contemplated by subsections 2.3.1 and 2.3.2, no part of any Participating Fund's (or any subsequent holder's) interest in a Pooled Fund, nor any right pertaining to such interest (including any right to substitute another entity for the Participating Fund or for any subsequent holder, as holder of investments pooled pursuant to subsection 2.3.1 or 2.3.2) may be sold, assigned, transferred or otherwise alienated or disposed of by any holder of an interest in such Pooled Fund unless the written consent to the transfer is obtained from every other holder of interests in such arrangement in advance of any such transfer. In addition, a Qualified Trust Fund shall not have the right to confer upon any Person who does not already have an interest in the pooling arrangement any portion of such Trust Fund's interest in the pooling arrangement of the Qualified Trust Fund.

2.3.6 Notwithstanding the provisions of subsection 2.3.5, a Participating Fund's investment in any Pooled Fund may be withdrawn from the Pooled Fund (but not from the Master Trust, except as otherwise permitted by this Agreement) at any time upon 30 days written notice to the Trustee by the Company. Upon the withdrawal by a Participating Fund of all of its assets in a Pooled Fund, or upon the death, insanity, dissolution, bankruptcy, retirement, resignation or expulsion of a Participating Fund, a Pooled Fund shall terminate within 30 days unless a majority in interest of the remaining Participating Funds give their written consent to continue the such arrangement within such 30 day period. If a Pooled Fund established in accordance with this Section 2.3 terminates, then the assets of each of the Participating Funds will be segregated into separate accounts under their respective Trust, and no further commingling of such assets may occur for a period of at least one year after such termination.

2.3.7 Subsections 2.3.5 and 2.3.6 apply to transfers of interests within, and withdrawals from, any Pooled Fund established in accordance with this section 2.3. Nothing within these subsections shall be interpreted to permit or to limit transfer of interests in, or withdrawals from, a Trust Fund, which transfers and withdrawals are governed by other provisions of this Agreement. In addition, none of the provisions of this Section 2.3 shall limit the authority of the Trustee or any Investment Manager appointed under Section 3.1 to invest in permissible common or collective trust funds.

2.3.8 It is the intention of the Company and the Trustee that any Pooled Fund established in accordance with this Section 2.3 not be treated as an entity subject to Federal, state or local income taxation, and the Company and the Trustee agree to treat any Pooled Fund established in accordance with this Section 2.3 as a partnership (and not as an association taxable as a corporation) for Federal, state or local income tax purposes.

2.3.9 No part of the assets of any Trust Fund may be invested or otherwise commingled with the monies or other assets of any other trust or trusts except as permitted or required by Applicable Law and, in the case of any Qualified Trust Fund, subject to the

requirements of Applicable Tax Law. Notwithstanding anything to the contrary contained in this Agreement, the assets of any Qualified Trust Fund may be pooled for investment only with assets of one or more other Qualified Trust Funds.

2.3.10. Notwithstanding anything to the contrary in this Agreement, the pooling arrangement of the Qualified Trust Funds shall terminate upon the death, insanity, dissolution, bankruptcy, retirement, resignation, expulsion of, or upon a withdrawal of assets by, a Qualified Trust Fund, unless the remaining Qualified Trust Funds subsequently agree to continue the pooling arrangement.

Section 2.4 Permitted Investments. Subject to the limitations of subsection 2.4.4, any Company Directive, and any other investment direction provided to the Trustee by an investment manager appointed pursuant to Section 3.1, the assets of each Qualified Trust Fund (or any Qualified Pooled Fund) may be invested and reinvested from time to time only in investments permitted for a Qualified Nuclear Decommissioning Reserve Fund under Applicable Tax Law.

2.4.1 Subject to the limitations of subsection 2.4.4, any Company Directive, and any other investment direction provided to the Trustee by an investment manager appointed pursuant to Section 3.1, the assets of each Non-Qualified Trust Fund (or any Non-Qualified Pooled Fund) may be invested and reinvested from time to time as the Trustee may in its discretion determine.

2.4.2 Subject to the limitations of subsection 2.4.4, any Company Directive, and any other direction provided to the Trustee by an investment manager appointed pursuant to Section 3.1, the Trustee may invest all or part of the assets of the Trust Funds (or any Pooled Funds) in interest-bearing deposits with Mellon Bank, N.A., in its capacity as a banking association, including but not limited to time deposits, savings deposits, certificates of deposit or time accounts. (For purposes of the remainder of Section 2.4, all references to the Trust Funds include any Pooled Funds established under subsections 2.3.1 and 2.3.2.)

2.4.3 The assets of the Trust Funds shall be invested and shall not be held in cash except to the extent that cash holdings are consistent with prudent risk management in light of general economic conditions from time to time existing and except to the extent that cash holdings are permitted under Section 6.2(xii) of this Agreement or are reasonably and currently required for the purposes described in Section 2.2 hereof. Such investments shall be made in a manner calculated to optimize the after-tax earnings of the Trust Funds, giving consideration to liquidity, risk, diversification and other prudent investment objectives. In order to optimize the financial performance of the Trust Funds, the Trustee shall consult with the Company from time to time as to the tax consequences to the Company and the Trust Funds of investments of the assets under the Trustee's investment control and the anticipated requirements of the Trust in light of the purposes set forth in this Agreement.

2.4.4 Notwithstanding anything to the contrary herein contained:

(a) none of the assets of any of the Trust Funds may be invested in investments other than those which would be chosen by a Prudent Investor;

(b) none of the assets of any of the Trust Funds may be invested in securities of the Company or in securities of any of the Company's subsidiaries, affiliates or associates (including Centerior Energy and The Toledo Edison Company) or their successors and assigns, except for investments such as common trust funds, or index funds, tied to market indexes or other mutual funds; and

(c) none of the assets of any of the Trust Funds may be invested in any investment which would not be permitted under Applicable Laws then in effect of the Federal Government of the United States of America or the State of Ohio including, without limitation, Federal and Ohio laws relating to or applicable to trust funds established for the purpose of funding the costs of decommissioning nuclear generating plants.

Notwithstanding anything else in this Agreement to the contrary, including, without limitation, any specific or general power granted to the Trustee and to the Investment Managers, including the power to invest in real property, none of the assets of the Trust Funds shall be invested in real estate. For this purpose "real estate" includes, but is not limited to, real property, leaseholds or mineral interests.

ARTICLE III DIRECTION OF INVESTMENTS

Section 3.1 Appointment of Investment Managers

The Company, from time to time by Company Directive, may designate any part or all of any of the Trust Funds to be allocated to one or more separate investment accounts ("Separate Investment Accounts"). For purposes of this Section 3.1 and the remainder of Article III of this Agreement, references to the Trust Funds include any Pooled Funds established under Sections 2.3.1 and 2.3.2 hereof.

3.1.1 With respect to each Separate Investment Account, the Company shall (i) appoint an investment manager who shall acknowledge by written instrument delivered to the Company that it is a fiduciary with respect to the Separate Investment Account, and (ii) deliver to the Trustee a copy of the Company Directive accompanied by the instrument described in (i) above.

3.1.2 The Company Directive establishing any Separate Investment Account must identify (a) the investment manager for such account, and (b) those assets of the Trust Funds being allocated to the account. The Company Directive must also include the name and

specimen signature of each individual who is authorized to act for the investment manager in dealings with the Trustee.

3.1.3 The Company may from time to time remove an investment manager, and may, from time to time direct the Trustee to transfer assets from one separate account to another, or to transfer assets from to or from one or more of the Trust Funds or any Pooled Fund to a Separate Investment Account.

3.1.4 With respect to each Separate Investment Account, the Trustee may rely conclusively upon the Company Directive establishing such account, until such time as the Trustee receives notice of the removal of the investment manager, or the change of the designated person or persons authorized to act with respect to the separate account.

3.1.5 Should an investment manager at any time elect to place security transactions directly with a broker or dealer, the Trustee shall not recognize such transaction unless and until it has received instructions or confirmation of such fact from the investment manager. Should the investment manager direct the Trustee to utilize the services of any person with regard to the assets under its management or control, such instructions shall be in writing and shall specifically set forth the actions to be taken by the Trustee as to the utilization of such services.

3.1.6 In the event that an investment manager places security transactions directly or directs the Trustee to utilize the services of any person, the investment manager shall be solely responsible for the acts of such persons. The sole duty of the Trustee as to such transactions shall be incident to its duties as custodian.

3.1.7 Notwithstanding any other provision of this Agreement, an investment manager shall not have the power to lend assets of the Trust Funds unless the exercise of such power by the investment manager has been authorized in writing by the Company and the Trustee shall not accept any direction by an investment manager to exercise such power unless it shall have received satisfactory evidence that the Company has granted such authority to the investment manager.

3.1.8 To the extent that the assets of the Trust Funds are not allocated to one or more any Separate Investment Accounts established under this subsection 3.1 and the investment of such assets is not subject to the direction of the Company under Section 3.6, the Trustee shall hold, invest, and reinvest the funds delivered to it hereunder as it in its sole discretion deems advisable, in accordance with Section 2.4.

Section 3.2 Duties Relating to Separate Investment Accounts.

If a Separate Investment Account is established, the Trustee shall act upon the written instructions of the duly appointed investment manager to complete receipt or delivery of assets purchased or sold with respect to such account. The investment manager shall have sole responsibility for determining how any corporate securities held in such account are to be voted and the Trustee shall not vote any such securities except in the manner directed by such investment manager. The Trustee shall have responsibility and authority for determination of the

net value assets held in a Separate Investment Account, but may rely conclusively upon certification of the investment manager as to the value of any such assets. The Trustee shall have no obligation to make any investment review or to consider the propriety of holding or selling any securities or property in a Separate Investment Account. Upon establishment of a Separate Investment Account, the Trustee shall be relieved and released of all investment duties, liabilities and liabilities with respect to the assets of such Account and, as to such Account, the Trustee shall, except as otherwise provided in Sections 3.4 and 3.5 hereof, act as custodian.

Section 3.3 Transfer of Assets to Investment Manager.

If a Separate Investment Account is established, the Trustee may, upon direction of the Company, permit the investment manager to hold such portion or all of the assets allocated to the Separate Investment Account for the purpose of investing such assets as directed by the Company, in accordance with Section 3.6. The Trustee shall be under no obligation to make any investment review or to consider the propriety of holding or selling any investment securities or property held by an investment manager, nor shall the Trustee have any duty to account for or value the assets held by an investment manager for purposes of rendering the accounts provided in Article VIII. The Trustee may rely conclusively upon the certification of the investment manager as to the value of the assets held in the Separate Investment Account.

Section 3.4 Investment of Cash.

Except to the extent an investment manager does so, the Trustee shall invest the cash of a Separate Investment Account, for short term purposes by purchasing, holding and selling United States Treasury Bills, commercial paper, banker's acceptances, certificates of deposit and similar investments, including undivided interests or participations therein and participations in common or collective funds composed of temporary or short-term investments, including such investments maintained by the Trustee or its affiliates. Notwithstanding the above, the Trustee's investments under this Section 3.4 shall be limited to Permitted Assets under Section 2.4 of this Agreement.

Section 3.5 Limitation of Liability of Trustee.

The Company intends by this Article III to allocate to investment managers all fiduciary liability with respect to investments in a Separate Investment Account under the direction of an investment manager, except to the extent the Trustee invests cash as provided in Section 3.4. The Trustee shall not have any duty or obligation to review any investments to be acquired, sold or disposed of pursuant to the directions of an investment manager, nor shall it have any obligation to review, or make recommendations with respect to, the retention or disposition of any such investment. Except as otherwise may be provided by applicable federal law, the Trustee shall not incur any liability for any loss of any kind which may result from the Company acting without question on the direction of, or failing to act in the absence of any direction from, an investment manager. Nevertheless, the Company shall indemnify the Trustee and hold it harmless from all damages, liabilities, claims costs and expenses, including reasonable attorneys fees, incurred by or assessed against the Trustee by reason of its acting upon the direction of an investment manager appointed under Section 3.1 or by reason of its failure to

act in the absence of such direction, except any claim or liability resulting by reason of its failure to invest cash balances in accordance with Section 3.4 hereof. Notwithstanding the preceding, the Trustee shall not be relieved of liability or indemnified by the Company for acting on the direction of the investment manager in lending assets of the Trust Funds, unless the Trustee has received evidence that the Company has authorized such lending in accordance with subsection 3.1.7.

The Trustee shall not be deemed to be a party to or to have any obligations under any agreement between the Company and any investment manager. On receipt of directions from an investment manager, the Trustee shall promptly make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out such directions. The Trustee shall be fully protected in relying upon any telegram, facsimile, telecopy, letter or other communication purporting to have been sent by the investment manager which the Trustee reasonably believes in good faith to be genuine.

Section 3.6 Company Direction.

Notwithstanding any provision of this Agreement, the Company shall have the authority to (a) direct the investment and reinvestment of all or any portion of the assets of any of the Trust Funds in any one or more investments as permitted by Section 2.4 hereof and (b) exercise the powers set forth in Section 6.2 hereof with respect to such assets. In the event that the Company elects to exercise its authority under this Section 3.6, it shall deliver to the Trustee a Company Directive, directing the investment or reinvestment of all or any portion of the assets of any of the Trust Funds or designating the individuals who are authorized to exercise on behalf of the Company the authority set forth in this Section 3.6. The Trustee shall be entitled to rely upon such Company Directive until a subsequent Company Directive is delivered to the Trustee. Any Company Directive delivered to the Trustee pursuant to this Section 3.6 shall be in writing and such written direction shall constitute the Company's certification that the direction given or confirmed thereby is a proper direction. It is understood that any investment direction provided by the Company under this Section 3.6 will be limited to matters of overall investment policy as permitted by Applicable Law.

The Trustee shall follow the directions of the Company or its designee with respect to investment and reinvestment of the portion of the assets of any of the Trust Funds under the control of the Company or its designee and shall not have any duty to review any investment to be made pursuant to such directions or to make any recommendations with respect to the disposition or continued retention of any such investment. Nevertheless, the Company hereby agrees to indemnify the Trustee and hold it harmless from any claims, damages, losses, costs and expenses, including reasonable attorneys' fees, incurred by or asserted against the Trustee by reason of its acting on any direction of the Company or its designee or by reason of its failure to act in the absence of any such direction, including, without limitation, any claims which arise out of any allegation that, as a result of any Company-directed investment, the Trustee has become liable for, or on account of, any breach by the Company, or any other person or entity, of any of their respective responsibilities, obligations or duties under Applicable Law.

The Company shall have sole responsibility for determining how any corporate securities purchased by the Trustee pursuant to the direction of the Company are to be voted and the Trustee may not vote any such securities except in the manner directed by the Company. The indemnification provisions set forth above shall be applicable to any claims, damages, losses, costs and expenses, including reasonable attorneys' fees, incurred by or asserted against the Trustee as a result of any voting of any securities by the Trustee in accordance with the direction of the Company or any failure by the Trustee to vote securities in the absence of such direction.

In the event that the Company desires to relinquish its authority to direct the investment of any portion of the assets of any of the Trust Funds, it shall provide written notice thereof to the Trustee at least sixty (60) days in advance of the date upon which it will discontinue exercising such authority. Within thirty (30) days after its receipt of such notice, the Trustee, in its sole discretion, shall either (i) advise the Company in writing that it will manage such portion of the assets of the Trust Funds or (ii) advise the Company in writing that it will not manage such portion of the assets of the Trust Funds, in which event the Company shall continue to manage such portion of the assets of the Trust Funds until an investment manager is appointed to manage such portion of the assets of the Trust Funds in accordance with Section 3.1 hereof.

ARTICLE IV CONTRIBUTIONS BY THE COMPANY

Section 4.1 Nature of Contributions.

Company contributions to each Trust Fund shall be made in cash, securities or other property, as the Company shall elect, provided that, in the case of each Qualified Trust Fund, Company contributions shall only be made in cash or other property, if any, which may be contributed to a Qualified Nuclear Decommissioning Trust Fund under Applicable Tax Law; and provided further, that non-cash Company contributions to any Trust Fund shall be made only in such securities or other property as would in each case meet the requirements of Section 2.4 of this Agreement for Permitted Investments with respect to such Trust Fund.

Section 4.2 Contributions.

The Company may deposit with the Trustee contributions to the Trust Funds (or any Trust Fund) from time to time and at any time and in such amounts as the Company shall determine to be necessary or desirable for compliance with its Decommissioning obligations under Applicable Law or otherwise. The Company shall, at the time of making any deposit pursuant to this Section 4.2, instruct the Trustee in writing as to the allocation of such deposit among the Trust Funds and the Trustee shall not accept any such deposit in the absence of instructions with respect to the allocation thereof. The Trustee shall be accountable for all contributions that it receives, but shall have no duty to collect any contributions or to determine that the amounts thereof comply with the requirements of Applicable Law.

ARTICLE V INDEMNIFICATION OF THE TRUSTEE

Section 5.1 Indemnification.

The Trustee shall have no liability hereunder to any Person, except for liabilities arising out of its own bad faith, negligence or willful misconduct, and shall be responsible for the performance of only such duties as are specifically set forth in this Agreement. The Company hereby agrees to indemnify and hold harmless the Trustee from and against any and all costs, expenses or liabilities (including attorney's fees) which may be incurred by, or asserted against, the Trustee by reason of its acting as Trustee under this Agreement (whether or not incurred while acting as Trustee), except for such costs, expenses and liability arising from the Trustee's bad faith, negligence or willful misconduct.

ARTICLE VI QUALIFICATIONS, DUTIES AND POWERS OF THE TRUSTEE

Section 6.1 Qualifications of the Trustee.

The Trustee shall (a) be a commercial bank or a trust company in the nature of a bank organized under the laws of the United States or any State thereof, (b) not be an Affiliate of the Company, and (c) have a combined capital and surplus of not less than \$250,000,000. If at any time during the term hereof the Trustee shall not meet the requirements for qualification as trustee as set forth in the preceding sentence, the Trustee shall promptly notify the Company of such fact and, at the request of the Company, shall resign as Trustee.

Section 6.2 Duties and Powers of the Trustee.

Except as otherwise limited by Article III of this Agreement, the Trustee shall (a) have exclusive authority and discretion to hold, manage, care for and protect the Trust Funds (for purposes of this Section 6.2, all references to the Trust Funds are deemed to include the Pooled Funds established under subsections 2.3.1 or 2.3.2 hereof, as well as any assets held separately for the Trust Funds), and (b) make payments and distributions from the Trust Funds only for the purposes described in Section 2.2 and in accordance with Company Distribution Orders. In addition, the Trustee shall have the following powers and discretions in addition to those conferred by law, but only insofar as such powers and discretions are consistent with each of the Qualified Trust Funds being treated as a Qualified Nuclear Decommissioning Trust Fund under Applicable Tax Law and any Pooled Fund not being treated as an entity subject to Federal, state or local income taxation:

(i) To invest and reinvest from time to time the assets of the Qualified Trust Funds (or the Qualified Pooled Fund) in investments permitted for a Qualified Nuclear Decommissioning Reserve Fund under Applicable Tax Law;

(ii) To invest and reinvest from time to time the assets of the Non-Qualified Trust Funds (or the Non-Qualified Pooled Fund) in such assets as the Trustee may in its discretion deem advisable;

(iii) To invest all or part of the assets of the Trust Funds in interest-bearing deposits with Mellon Bank, N.A. or its affiliates, in its capacity as a banking association, including but not limited to time deposits, savings deposits, certificates of deposit or time accounts which bear a reasonable interest rate;

(iv) To sell, exchange, convey, transfer or dispose of, and also to contract or grant options with respect to, any property at any time held by it and any sale may be made by private contract or public auction, and for cash or upon credit, or partly for cash and partly upon credit, as the Trustee may deem best, and no person dealing with the Trustee shall be bound to see the application of the purchase money or to inquire into validity, expediency or propriety of any such sale or other disposition;

(v) To purchase, hold and sell foreign and domestic currencies;

(vi) To compromise, compound and settle any debt or obligation due to or from it as Trustee and to reduce the rate of interest thereon, to extend or otherwise modify, or to foreclose upon default or otherwise enforce or act with respect to any such obligation;

(vii) To vote, in person or by general or limited proxy, any stocks or other securities at any time held in the Trust Funds, at any meeting of stockholders or security holders, in respect to any business which may come before the meeting; to exercise any options appurtenant to any stocks, bonds or other securities for conversion thereof into other stocks, bonds or securities; to exercise or sell any conversion or subscription rights appurtenant to any stocks, bonds or other securities at any time held in the Trust Funds, and to make any and all necessary payments therefore; to join in, and to approve, or to dissent from and to oppose, any corporate act or liquidation, sale of assets or other action by or plan in respect of corporations or properties, the stocks or securities of which may at any time be held in the Trust Funds; to deposit with any committee or depository, pursuant to any plan or agreement of protection, reorganization, consolidation, sale, merger, or other readjustment, any property held in the Trust Funds; and to make payment from a Trust Funds of any charges or assessments imposed by the terms of any such plan or agreement;

(viii) To take all action necessary to settle authorized transactions, including exercising the power to borrow or raise

money from any lender, which may be the Trustee in its corporate capacity or any affiliate or agent of the Trustee upon such terms and conditions as are necessary to settle security purchases and/or foreign exchange or contracts for foreign exchange and to secure the repayments thereof by pledging all or any part of the Trust Fund.

(ix) To enforce any right, obligation or claim and in general to protect in any way the interests of the Trust Funds, as directed in writing by the Company, or to abandon any property which at any time may be held by the Trustee under this Agreement, as directed in writing by the Company;

(x) To make, execute, acknowledge and deliver any and all deeds, leases, assignments, transfers, conveyances and any and all other instruments necessary or appropriate to carry out any powers herein granted;

(xi) To cause any investment, either in whole or in part, in the Fund to be registered in, or transferred into, the Trustee's name or the names of a nominee or nominees, including but not limited to that of the Trustee or its affiliate, a clearing corporation, or a depository, or in book entry form, or to retain any such investment unregistered or in a form permitting transfer by delivery, provided that the books and records of the Trustee shall at all times show that such investments are a part of the Fund; and to cause any such investment, or the evidence thereof, to be held by the Trustee, in a depository, in a clearing corporation, in book entry form, or by any other entity or in any other manner permitted by law;

(xii) To hold uninvested cash awaiting investment or distribution, and such additional cash balances as it shall deem reasonable and necessary, without incurring any liability for the payment of interest thereon, notwithstanding the Trustee's receipt of "float" from such uninvested cash, which receipt and retention of "float" by the Trustee has been agreed to by the Company as part of the overall negotiation and consummation of this Agreement;

(xiii) To appoint and employ at the expense of the Trust Funds from time to time suitable agents, custodians, depositories or counsel, domestic or foreign, as to all or any part of the Trust Funds and the functions incident thereto, and to delegate

to them such of its duties under this Agreement as the Trustee shall see fit;

(xiv) To lend assets of the Trust Funds upon such terms and conditions as are deemed appropriate by the Trustee and specifically to loan any securities to brokers, dealers or banks upon such terms, and secured in such manner, as may be advisable, to permit the loaned securities to be transferred into the name of the borrower or others and to permit the borrower to exercise such rights of ownership over the loaned securities as may be required under the terms of any such loan, provided that any loans made from the Trust Funds shall be made in conformity with such laws or regulations governing such lending activities which may have been promulgated by any appropriate regulatory body at the time of such loan; and provided further that the Trustee shall make a loan of assets of the Trust Funds only if the Company has provided the Trustee with written authorization to make such loan;

(xv) To purchase, enter, sell, hold and generally deal in any manner in and with contracts for immediate or future delivery of financial instruments of any issuer or of any other property, to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combination;

(xvi) To participate in such dividend reinvestment plans of corporations whose shares are held in the Trust Funds as may be approved in writing by the Company;

(xvii) To do all acts which the Trustee may deem necessary or proper and to exercise any and all of the powers of the Trustee under this Agreement upon such terms and conditions as the Trustee may deem in the best interest of the Trust Funds;

(xviii) To invest in any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee or an affiliate. The Corporation expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective fund trustee and that such collective fund's trustee will receive compensation for the lending of securities that is separate from any compensation of the Trustee thereunder, or any

compensation of the collective fund trustee for the management of such collective fund;

(xix) To invest in open-end and closed-end investment companies, including those for which the Trustee or an affiliate provides services for a fee, regardless of the purposes for which such fund or funds were created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose.

Section 6.3 Overdraft Reimbursement.

To the extent the Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Fund an amount equal to what would have been earned on the sums advanced (an amount approximating the "federal funds" interest rate).

Section 6.4 Authority with Respect to Amounts and Sufficiency of Contributions.

The Trustee shall have no responsibility or authority in connection with the determination of the amounts to be deposited with it from time to time as contributions of the Company, nor shall it have any authority on behalf of any Person to bring any action or proceeding to enforce the collection of any such amount.

Section 6.5 Duties Not Expressly Undertaken.

No duties or obligations shall be imposed upon the Trustee with respect to the Trust Funds unless they shall have been specifically undertaken by the Trustee by the express terms of this Agreement or other written agreement to which the Trustee is a party, or are otherwise imposed upon the Trustee by Applicable Law.

ARTICLE VII TAXES AND EXPENSES

Section 7.1 Taxes.

7.1.1 All taxes of any kind that may be assessed or levied against or in respect of the income or assets of any Non-Qualified Trust Fund, including income taxes, if any, shall be paid from the assets of such Non-Qualified Trust Fund whether or not such Trust Fund is, for such purposes, deemed to be a taxpayer under Applicable Law. To the extent any such tax obligation is a tax obligation of the Company under Applicable Law, the Company shall have the right to be reimbursed therefore from the assets of such Non-Qualified Trust Fund and each such

reimbursement shall be deemed to be a distribution of assets of such Trust Fund authorized pursuant to Section 2.2.1(b).

7.1.2 All taxes imposed under Section 468A(e)(2) of the Code and the regulations thereunder and all State and local taxes imposed on the income or assets of any Qualified Trust Fund shall be paid from such Qualified Trust Fund.

7.1.3 The Company shall cooperate with the Trustee in order to allow the Trustee to prepare and timely file all Federal, state, and local tax returns required to be filed by such Trust Funds under Applicable Tax Law and the Trustee hereby agrees to prepare and timely file all such returns.

7.2 Brokerage Commissions and Other Expenses.

7.2.1 All brokerage commissions incurred by any Trust Fund and all other ordinary and necessary administrative costs and incidental expenses incurred by the Trustee in connection with the administration and operation of each Trust Fund, including, without limitation, legal expenses of agents or attorneys (whether or not arising out of a judicial or administrative proceeding), accounting expenses, actuarial expenses, such compensation to the Trustee as may be agreed upon from time to time between the Trustee and the Company on a basis no less favorable to the Company than that which the Trustee generally affords to like customers for like services, and all other administrative costs and incidental expenses which are allocable to each Trust Fund shall be paid from such Trust Fund.

7.2.2 Brokerage commissions and other administrative costs and incidental expenses of any Qualified Trust Fund may be paid from such Trust Fund pursuant to subsection 7.2.1 only to the extent such expenses are permitted to be paid from a Qualified Nuclear Decommissioning Trust Fund under Applicable Tax Law.

Section 7.3 Trustee's Compensation and Expenses.

If, and to the extent that, the assets of any Trust Fund are insufficient to pay the compensation to and/or the expenses of the Trustee allocated thereto, as set forth in Section 7.2, then such compensation to and/or expenses of the Trustee shall be paid by the Company. The Company acknowledges that, as part of the Trustee's compensation, the Trustee will earn interest on balances, including disbursement balances and balances arising from purchase and sale transactions.

ARTICLE VIII ACCOUNTINGS BY THE TRUSTEE

Section 8.1 Inspection of Books and Records.

The Trustee shall, with respect to each Trust Fund, keep separate, accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder, and all

accounts, books and records relating thereto shall, at all reasonable times, be open to inspection and audit by the Company and its agents.

Section 8.2 Statements of Account.

Within 60 days following each March 31, June 30, September 30 and December 31 of each year, commencing 60 days following September 30, 1996, the Trustee shall provide to the Company a written statement of account with respect to each Trust Fund setting forth all investments, receipts, disbursements and other transactions effected by it during the three calendar month period ending on such March 31, June 30, September 30 or December 31 (as the case may be). Within 60 days following the resignation or removal of the Trustee, the Trustee shall provide (a) to the Company a written statement of account with respect to each Trust Fund setting forth all investments, receipts, disbursements and other transactions effected by it during the period commencing on the day next following the last day of the period covered by the last statement of account provided by the Trustee pursuant to the preceding sentence, through and including the date of such resignation, and (b) to the Company and the successor trustee a statement of all of its fees and expenses remaining unpaid as of the time it delivers the statement of account required pursuant to clause (a) above, which fees and expenses shall be paid by the successor trustee upon approval by and receipt of written instruction from the Company.

Section 8.3 Persons Entitled to Accounting.

No Person, other than the Company, may demand an accounting by the Trustee hereunder institute any action or proceeding against the Trustee or the Trust.

ARTICLE IX REMOVAL OR RESIGNATION OF THE TRUSTEE

Section 9.1 Resignation or Removal.

The Trustee may be removed by the Company for any reason at any time upon 60 days' written notice to the Trustee and the Trustee may resign at any time upon 60 days' notice in writing to the Company. Upon such removal or resignation, the Company shall appoint and install a successor trustee meeting the requirements of Section 6.1 of this Agreement. Any Trustee appointed hereunder shall execute, acknowledge and deliver to the Company an appropriate written instrument accepting such appointment hereunder, subject to all of the terms and conditions hereof, and thereupon such successor Trustee shall become fully vested with all rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with effect as if originally named Trustee hereunder. The predecessor Trustee shall upon written notice to the Company, and payment of all fees and expenses, deliver to the successor Trustee the funds and properties then constituting the corpus of each of the Trust Funds and perform such other acts as may be required or desirable to vest and confirm in said successor Trustee all right, title and interest in the corpus of the Trust Funds to which it succeeds.

Section 9.2 Failure to Appoint Successor Trustee.

If for any reason a successor trustee shall not have been appointed within sixty (60) days after the giving of written notice of resignation or removal provided for in Section 9.1, the Company or the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee.

Section 9.3 Merger of Trustee.

Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee is a party, or any corporation to which the corporate trust functions of the Trustee may be transferred, shall be the Successor Trustee under this Agreement without the necessity of filing or filing any additional acceptance of this Agreement or the performance of any further act on the part of any other parties hereto, if such corporation meets the requirements of Section 6.1 of this Agreement after the merger.

ARTICLE X
ACTION BY THE COMPANY

Section 10.1 Authority to Act.

Any action of the Company required or permitted under this Agreement may be taken by the Board of Directors of the Company, or any committee thereof having authority to act upon matters relating hereto, or by any officer, employee or agent of the Company duly authorized by its Board of Directors to act on its behalf in such respect. Any such action of the Company or authorization to act on behalf of the Company shall be evidenced by a resolution of its Board of Directors certified to the Trustee over the signature of the Secretary or of any Assistant Secretary of the Company, and the Trustee shall be fully protected in acting in accordance with such resolution so certified to it. The Company shall furnish the Trustee from time to time with certified copies of resolutions of its Board of Directors evidencing the appointment and authorization of any committee, officers, employees or agents of the Company or of any other person authorized by the Board of Directors to act under this Agreement, and the appointment and authorization of any successors thereof.

Section 10.2 Reliance of Trustee on Written Certifications, Etc.

All certifications, Company Distribution Orders, Company Directives, requests, instructions and objections of the Company to the Trustee shall be in writing and the Trustee shall act and shall be fully protected in acting in accordance with such certifications, Company Distribution Orders, Company Directives, requests, and instructions and shall have no duty to question or verify the same.

Section 10.3 Certain Information.

The Company shall provide to the Trustee (a) as promptly as practicable after the issuance thereof, a copy of each order, license, revenue ruling or similar action by which the Company is bound by any Governmental Authority which arises out of any proceeding to which the Trustee was not a party, and which imposes any obligation, limitation or restriction upon the management and operation of the Trust or any obligation of limitation upon the Trustee with respect to its performance hereunder and (b) from time to time reasonably request to enable it to perform its obligations hereunder.

ARTICLE XI
AMENDMENT OF AGREEMENT

Section 11.1 Amendments.

Except as otherwise provided in this Agreement, the Company may, at any time and from time to time, amend, in whole or in part, any or all of the provisions of this Agreement upon written notice thereof to the Trustee, provided such amendment does not cause a Qualified Trust Fund to fail to be a Qualified Nuclear Decommissioning Reserve Fund. No amendment which affects the rights, duties or responsibilities of the Trustee may be made without its consent, and

no amendment shall authorize or permit any part of the corpus or income of the Trust Funds to be used for or diverted to purposes other than those described in Section 2.2 or cause a qualified fund to fail to qualify as a Nuclear Decommissioning Reserve Fund under Section 468A of the Code or the regulations thereunder.

ARTICLE XII TERM OF THE TRUST

Section 12.1 Termination at the Option of the Company.

Subject to the requirements of Applicable Law, the Company may terminate the Trust at any time prior to expiration of the Trust term (as set forth in Section 12.2) upon written notice to the Trustee.

Section 12.2 Trust Term.

In no event shall the Trust extend for a term longer than the earlier of (a) the date which shall be the 21st anniversary of the death of the last survivor of all of the now living lineal descendants of Joseph P. Kennedy, father of President John F. Kennedy and (b) the date of final payment of all the costs of Decommissioning the Nuclear Generating Units.

Section 12.3 Final Distribution of Trust Fund Assets.

Upon termination of the Trust the Trustee shall distribute the remaining assets of the Trust Funds pursuant to a Company Distribution order in accordance with Section 2.2.

ARTICLE XIII DEFINITIONS

Section 13.1 Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Applicable Law" shall mean all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, certificates, orders, interpretations, licenses and permits of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other judicial or quasi-judicial tribunal of competent jurisdiction (including those pertaining to health, safety, the environment or otherwise).

"Applicable Tax Law" shall mean Section 468A of the Code (or any comparable subsequent provision of the Code) and any other provision of the Code relating to the Federal taxation of the Trust Funds or any Pooled Fund established in accordance with subsection 2.3.1 or 2.3.2 of this Agreement. Applicable Tax Law shall also include any regulations and judicial or administrative interpretations of the above.

"Bank" shall have the meaning set forth in Section 581 of the Code.

"Business Day" shall mean any day other than a Saturday or Sunday or other day on which national banks are authorized or obligated to be closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any comparable subsequent law.

"Company" shall mean The Cleveland Electric Illuminating Company, an Ohio corporation, or its successors or assigns hereunder.

"Company Directive" shall mean any written directions of the Company to the Trustee, as described in Article III, as to the establishment of a Separate Investment Account or the investment of all or part of the assets of the Trust Funds.

"Company Distribution Order" shall mean any written instructions of the Company to the Trustee, pursuant to which the Company directs the Trustee to distribute or transfer all or part of the assets of the Trust Funds, which instructions shall include a certification by an officer of the Company that the distribution or transfer requested is permitted by and in accordance with the provisions of Section 2.2.

"Cost of Service Amount" shall mean, with respect to each Nuclear Generating Unit during any taxable year, the amount of the costs of Decommissioning to the Company for such Nuclear Generating Unit included in the Company's cost of service for ratemaking purposes for such taxable year, but only to the extent such costs are directly or indirectly charged to customers of the Company by reason of electric energy consumed during such taxable year or are otherwise required to be included in the Company's income under Section 88 of the Code and the regulations thereunder.

"Credit Union" shall mean any insured credit union within the meaning of Section 101(6) of the Federal Credit Union Act of 1982.

"Decommissioning" shall mean, with respect to any Nuclear Generating Unit, the permanent removal from service of such Nuclear Generating Unit, in accordance with Applicable Laws, including any entombment, storage, decontamination, dismantlement, removal and disposal of the structures, systems and components of the such Nuclear Generating Unit.

"Decommissioning Costs" shall mean, with respect to any Nuclear Generating Unit, any expenses or liabilities incurred by or on behalf of the Company with respect to the Decommissioning of such Nuclear Generating Unit, including any expenses incurred in connection with the preparation for Decommissioning, such as engineering or other planning expenses, and all expenses incurred after the actual Decommissioning occurs, such as physical security and radiation monitoring expenses.

"Excess Contribution" shall mean the amount by which contributions to any Qualified Trust Fund during any taxable year exceed the Maximum Qualified Contributions for such Qualified Trust Fund during such taxable year

"Fund Account" shall mean any separate account maintained pursuant to subsection 2.3.3, reflecting the interest of a Participating Fund in the Pooled Fund in which its assets are held.

"Governmental Authority" shall mean any Federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court including, without limitation, the United States Nuclear Regulatory Commission and the Public Utilities Commission of Ohio.

"Identified Assets" shall mean any assets in existence as of the date of this Agreement that are included in a Pooled Fund, but are identified as being assets of a particular Participating Fund under subsection 2.3.3.

"Maximum Qualified Contributions" shall mean, with respect to each Qualified Trust Fund during any taxable year, an amount equal (a) to the lesser of (i) the Ruling Amount for such taxable year or (ii) Cost of Service Amount for such Qualified Trust Fund during such taxable year, or (b) such greater amount as may be contributed to such Qualified Trust Fund during any taxable year under Applicable Tax Law.

"Non-Qualified Pooled Fund" shall mean the single commingled fund held by the Trustee that is established in accordance with subsection 2.3.2 of this Agreement.

"Non-Qualified Trust Fund" shall mean any Trust Fund established under this Agreement which is not a Qualified Nuclear Decommissioning Reserve Fund.

"Nuclear Generating Units" shall mean those nuclear units identified as such on Schedule I hereto.

"Original Trust Agreement" shall mean that certain DECOMMISSIONING TRUST AGREEMENT dated July 1, 1988 by and between the Company and AmeriTrust Company National Association as trustee.

"Participating Fund" shall mean with respect to either the Qualified Pooled Fund or the Non-Qualified Pooled fund, any trust fund participating in such Pooled Fund.

"Person" shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department or agency thereof, or any other entity.

"Pooled Fund(s)" shall mean either the Qualified Pooled Fund or the Non-Qualified Pooled Fund, or both.

"Predecessor Trustee" shall mean Key Trust of Ohio National Association, successor to AmeriTrust Company National Association, in its role as trustee under the Original Trust Agreement, as amended from time to time.

"Prudent Investor" shall mean a prudent investor as described in the Restatement of the Law (Third), Trusts § 227, including general comments and reporter's notes.

"Public Debt Securities" shall mean any of Treasury bills, Treasury notes, Treasury bonds and savings bonds issued by the Federal government of the United States of America.

"Qualified Nuclear Decommissioning Reserve Fund" shall mean a "Nuclear Decommissioning Reserve Fund" within the meaning of Section 468A of the Code.

"Qualified Pooled Fund" shall mean the single commingled fund held by the Trustee that is established in accordance with subsection 2.3.1 of this Agreement.

"Qualified Trust Fund" shall mean any Trust Fund established under this Agreement which meets the requirements for a Qualified Nuclear Decommissioning Reserve Fund.

"Related" shall mean, with respect to each Qualified Trust Fund established for the Decommissioning of a particular Nuclear Generating Unit, the Non-Qualified Trust Fund which has been established for the Decommissioning of the same Nuclear Generating Unit and, with respect to each Non-Qualified Trust Fund established for the Decommissioning of a particular Nuclear Generating Unit, the Qualified Trust Fund which has been established for the Decommissioning of the same Nuclear Generating Unit.

"Ruling Amount" shall mean, with respect to any taxable year, an amount determined in accordance with Section 1.468A-3 of the regulations of the Internal Revenue Service, as in effect and as may be amended from time to time.

"Separate Investment Account" shall mean any separate account established pursuant to a Company Directive under the terms of Section 3.1 of this Agreement.

"Trust" shall have the meaning set forth in Section 1.1 of this Agreement.

"Trust Funds" and "Trust Fund" shall have the respective meanings set forth in Section 1.1 of this Agreement. As provided in Sections 2.4.3, 3.1 and 6.2 of this Agreement, in certain contexts, the term "Trust Funds" shall also be deemed to include any Pooled Fund established under subsections 2.3.1 or 2.3.2 of this Agreement.

ARTICLE XIV MISCELLANEOUS PROVISIONS AND EFFECTIVE DATE

Section 14.1 Notices.

All notices, reports and other information required or permitted to be given or delivered hereunder shall be in writing and shall be deemed given when delivered in person, or on the fourth day after being deposited in the United States mail, postage prepaid, registered or certified mail, addressed as follows:

If to the Company:

The Cleveland Electric Illuminating Company
c/o Centerior Energy Corporation
6200 Oak Tree Boulevard
Independence, Ohio 44131
Attention: Investment Manager

If to the Trustee:

Mellon Bank, N.A.
One Mellon Center
Pittsburgh, Pennsylvania 15258-0001
Attention: Denise A. Fuhrer, Client Service Officer

and/or to such other respective addresses and/or addressees as may be designated by notice given by either party in accordance with the provisions of this Section 14.1.

Section 14.2 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 14.3 Separate Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 14.4 Successors and Assigns.

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Trustee and its successors and assigns and the Company and its successors and assigns, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by the Company shall bind the successors and assigns of the Company.

Section 14.5 Headings.

The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 14.6 Governing Law.

This Agreement shall in all respects be governed by, and construed in accordance with the laws of the State of Ohio, including all matters of construction, validity and performance.

Section 14.7 Administration of Trust.

The principal place of administration of the Trust shall be the principal office of the Trustee.

Section 14.8 Performance by the Company.

Any obligation of the Company with respect to Decommissioning hereunder or pursuant to Applicable Law may be performed by the Company and any such performance shall not be construed as a revocation of the trusts created hereby.

Section 14.9 Qualification of Qualified Trust Funds under Section 468A of the Code.

The Qualified Trust Funds are established and maintained for the sole purpose of qualifying as "Nuclear Decommissioning Reserve Funds" within the meaning of, and the assets shall be used as authorized by, Section 468A of the Code and the regulations thereunder. If a Qualified Trust Fund would fail to so qualify because of any provision contained in this Agreement, this Agreement shall be deemed to be amended as necessary to conform with the requirements of section 468A of the Code and the regulations thereunder.

Section 14.10 Force Majeure.

The Trustee shall not be responsible or liable for any losses to the Trust Fund resulting from nationalization, expropriation, devaluation, seizure or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the property; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event beyond the control of the Trustee or its agents. This Section shall survive the termination of this Trust Agreement.

Section 14.11 Power of Attorney.

The Company appoints the Trustee as the Trust's true and lawful attorney-in-fact and authorizes the Trustee to delegate the power of attorney with full powers of substitution in any and all capacities to:

- (a) sign all applications, requests or claims for refund, reduction, repayment or credit of, or exemption or relief from, any withholding or similar taxes in any jurisdiction (including outside of the U.S.); and collect the refund of the tax, transfer the amounts collected to those parties designated and perform all

acts which are necessary to secure the rights attached to such reclaimed taxes or prevent the loss of such rights;

(b) represent the Trust at shareholder meetings and vote or appoint any person to represent and vote as the Trust's proxy which relate to securities held on behalf of the Fund for which the Trust is eligible to attend and vote as security holder; and take on the Trust's behalf any and all further actions required to exercise said voting rights; and represent the Trust in any situation which may occur as a result of any corporate actions;

(c) for global custody purposes, receive, maintain and safekeep securities in the name of the Trust; receive, arrange for the transfer of dividends, interest and other payments (if any) and the sale of proceeds on behalf of the Trust; fill in or sign on behalf of the Trust any and all forms of agent or broker (purchase or sale forms) pertaining to instructions for sale or purchase of securities; and give specific instructions regarding securities, cash and related transactions that are registered in the name of the Trust; and

(d) sign, seal, execute, and deliver such deeds, transfers, agreements, and releases, and do such acts and things as may be necessary and to concur with any other person or persons in the doing of any act or things hereby authorized.

The Company undertakes for itself and its successors in title to ratify and confirm any actions that the Trustee shall take or purport to take to exercise the rights of the Company or the Trust by virtue of these presents including any actions which shall be taken after any revocation of these presents and before the revocations shall be known to the Trustee.

All costs, charges and expenses incurred by the Trust as a consequence of any act, deed, matter or thing done in pursuance of the powers of any of them herein contained shall be borne and paid by the Trust.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

THE CLEVELAND ELECTRIC ILLUMINATING
COMPANY

By: Charles M. Nash

Title: Treasurer

Date: _____

ATTEST:

Title:

MELLON BANK, N.A., not in its individual capacity,
but solely as Trustee

By: [Signature]

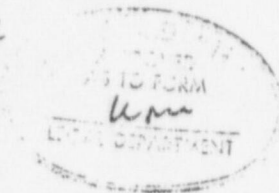
Title: Vice President

Date: March 24, 1997

ATTEST:

Denise A. Fuhrer

Title: Client Service Office



SCHEDULE I

NUCLEAR GENERATING UNIT

RELATED TRUST FUNDS

- | | |
|---|---|
| 1. Davis-Besse Power Station Unit No. 1 | a. Davis-Besse Qualified Trust Fund |
| | b. Davis-Besse Non-Qualified Trust Fund |
| 2. Perry Power Station Unit No. 1 | a. Perry Qualified Trust Fund |
| | b. Perry Non-Qualified Trust Fund |
| 3. Beaver Valley Power Station Unit No. 2 | a. Beaver Valley Qualified Trust Fund |
| | b. Beaver Valley Non-Qualified Trust Fund |

SCHEDULE II

Allocation of Initial Contributions

Davis-Besse Non-Qualified Trust Fund	\$ 870,734.76
Davis-Besse Qualified Trust Fund	\$33,828,879.55
Perry Non-Qualified Trust Fund	\$ 866,760.21
Perry Qualified Trust Fund	\$19,008,723.81
Beaver Valley Qualified Trust Fund	\$ 9,661,490.48
Beaver Valley Non-Qualified Trust Fund	<u>\$ 1,260,219.48</u>
Aggregate Initial Contributions	<u>\$65,496,808.29</u>