LIMITED LIABILITY COMPANY AGREEMENT

of

AMERGEN ENERGY COMPANY, LLC

among

PECO ENERGY COMPANY

BRITISH ENERGY PLC

and

BRITISH ENERGY INC.

Dated as of August 18, 1997

TABLE OF CONTENTS

Schedule: Principal Terms of Senior Secured Notes

Maturity Date:	Five years from date of advance (or, if earlier, the maturity date of any Senior Notes already outstanding at time of advance), subject to required prepayments described below
Interest:	Payable quarterly, at a rate equal to the rate per annum (based on a year of 365/6 and actual days elapsed), announced from time to time by Chase Manhattan Bank at its headquarters office in New York City as its Prime Rate plus two and one-half percent (plus an additional two percent in the case of overdue amounts)
Ranking:	Pari Passu to all other Senior Secured Notes. Senior to all amounts otherwise payable to Members, including but not limited to Distributable Cash, but subordinate to any third-party financing, secured or unsecured.
Collateral:	First priority security interest in all assets, including receivables and cash of the Company.
Prepayment:	The following amounts shall be applied to prepayment of the Notes: (i) Company earnings from the asset in question to the extent practicable or Distributable Cash otherwise distributable to the Members pursuant to Article 4 of the LLC Agreement; (ii) Proceeds of any transfer or encumbrance of the Non-Contributing Member's Interest pursuant to Article 7 of the LLC Agreement
Default Remedies:	Upon default by the Company under the Notes, the Contributing Member may elect any of the following remedies, or any other remedies available at law or in equity: (i) foreclosure on the collateral; or (ii) conversion of the outstanding balance of the Notes into additional Interests, at then-current fair market value as determined by third-party appraisal;
Other Terms:	Commercially reasonable covenants and other terms and conditions
Documentation:	Commercially reasonable documentation carrying out the foregoing terms, to be prepared by the Contributing Member.

LIMITED LIABILITY COMPANY AGREEMENT OF

AMERGEN ENERGY COMPANY, LLC

LIMITED LIABILITY COMPANY AGREEMENT, dated and effective as of August 18, 1997, by and among PECO Energy Company, a Pennsylvania corporation ("PECO Energy"), British Energy plc, a Scottish corporation ("British Energy"), and British Energy Inc., a Delaware corporation ("BE Inc.") and a wholly owned subsidiary of British Energy.

RECITALS

WHEREAS, both British Energy and PECO Energy have extensive experience in the safe and efficient operation of nuclear powered-generating facilities;

WHEREAS, PECO Energy has experience in marketing wholesale power in North America and British Energy has experience in operating nuclear- and non-nuclear-powered generating facilities in a competitive energy environment;

WHEREAS, British Energy and PECO Energy are developing a business plan for the development of a joint venture to acquire and operate nuclear-powered generating facilities and other associated assets in the United States; and

WHEREAS, the parties wish to document their agreement to form an entity to carry out the development of the joint venture;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and provisions hereafter set forth, the parties hereto agree as follows as of the Effective Date:

ARTICLE 1
GENERAL

1.1 Name. The name of the Company shall be AmerGen Energy Company, LLC.

1.2 Principal Place of Business. The Company's principal office and place of business shall be located in Wayne, Pennsylvania. The principal office and place of business may be changed from time to time, and other offices and places of business may be established from time to time, by the Management Committee with notice to the Members.

1.3 Intentionally Omitted.

1.4 Purpose and Powers.

(a) The purposes of the Company ("Purpose") are to:

(i) establish, conduct, terminate and dispose of the Business; and

(ii) do all things reasonably necessary or advisable in connection with the above.

(b) The Company shall have the power and authority to take any and all actions necessary or advisable to or for the furtherance of the Purpose.

(c) The foregoing provisions of this Section 1.4 shall not be construed to authorize the Company to, and the Company shall not, and the Members agree that the Company shall not, engage in any activities other than the foregoing without the approvals required hereunder; provided, the Company shall only engage in activities and lawful business permitted by the Atomic Energy Act and the regulations thereunder, the Act, or the laws of any jurisdiction in which the Company may do business.

1.5 Filings. The Management Committee shall cause to be executed, filed and published all such certificates, notices, statements or other instruments, and amendments thereto under the laws of the State of Delaware, and other applicable jurisdictions as the Management Committee may deem necessary or advisable for the operation of the Company. Notwithstanding the foregoing or any other provision of this Agreement, the parties hereto authorize, ratify and direct the Management Committee to execute, deliver and file the original certificate of formation of the Company with the office of the Secretary of State of the State of Delaware, and to execute, deliver and file the original application for certificate of authority of the Company with the office of the Secretary of the Commonwealth of the Commonwealth of Pennsylvania.

1.6 Sole Agreement. The parties intend that their obligations to each other and the scope of their joint enterprise be as set forth in this Agreement and that no further authority to bind the other or the Company or any liabilities to each other or any third party be inferred from the relationships described in this Agreement.

1.7 Definitions. Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1.7. References to Sections shall refer to Sections of this Agreement unless otherwise specified. The singular shall include the plural and the masculine shall include the feminine and neuter, and vice versa. "Includes" or "including" shall mean "including, without limitation."

"Act" means the Delaware Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) such Capital Account shall be deemed to be increased by any amounts which such Member is obligated to restore to the Company (pursuant to this Agreement or otherwise) or is deemed to be obligated to restore pursuant to the second to last sentences of Treasury Regulation sections 1.704-2(g)(1) and 1.704-2(i)(5) (relating to allocations attributable to nonrecourse debt); and

(ii) such Capital Account shall be deemed to be decreased by the items described in Treasury Regulation sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulation section 1.704-1(b)(2)(ii)(d) and shall be interpreted and applied consistently therewith.

"Affiliate" means, when used with reference to a specified Person, (i) any Person that directly or indirectly controls or is controlled by or is under common control with the specified Person, or (ii) any Person that is an officer or director of, a general partner in or a trustee of, or serves in a similar capacity with respect to, the specified Person or any Person described in clause (i) or of which the specified Person or any Person described in clause (i) is a responsible employee, director, officer, general partner or trustee, or with respect to which the specified Person or any Person described in clause (i) serves in a similar capacity; provided, that the Company shall be deemed not to be an Affiliate of any of the Members or any of their respective Affiliates for purposes of this Agreement. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to (i) vote more than 50% of the voting securities of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agreement" means this Limited Liability Company Agreement, as amended, modified, supplemented or restated from time to time.

"Agents" is defined in Section 6.6.

"Bankruptcy" means any of the following:

(i) a Member files a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer or consent seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief for itself under the present or future applicable federal, state or other statute or law relating to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator of said Member of all or any substantial part of its properties or its interest in the Company (the term "acquiesce" as used in this definition includes the failure to file a petition or motion to vacate or discharge any order, judgment or decree);

(ii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against any Member seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act, or any other present or future applicable federal, state or other statute or law relating to bankruptcy, insolvency or other relief for debtors, and such Member shall acquiesce in the entry of such order, judgment or decree or such order, judgment or decree shall remain unvacated and unstayed for an aggregate of 60 days (whether or not consecutive) from the date of entry thereof, or any trustee, receiver, conservator or liquidator of such Member or of all or any substantial part of its property or its interest in the Company shall be appointed without the consent or acquiescence of such Member and such appointment shall remain unvacated and unstayed for an aggregate of 60 days (whether or not consecutive);

(iii) a Member admits in writing its inability to pay its debts as they mature;

(iv) a Member gives notice to any Governmental Authority of insolvency or pending insolvency, or suspension or pending suspension of operations; or

(v) a Member makes an assignment for the benefit of creditors or takes other similar action for the protection or benefit of creditors.

The foregoing is intended to supersede and replace the events listed in Sections 18-304(a) and (b) of the Act.

"Book Value" means, with respect to a Member's Interest, the Interest's percentage share of the Company's assets minus liabilities. With respect to any asset of the Company, Book Value means the asset's adjusted basis as of the relevant date for federal income tax purposes except as follows:

(i) the initial Book Value of any asset contributed by a Member to the Company shall be the Fair Market Value of such asset, as determined by the contributing Member and the Company with the concurrence of the Members other than the contributing Member;

(ii) the Book Values of all Company assets (including intangible assets such as goodwill) shall be adjusted to equal their respective Fair Market Values as of the following times:

(A) the acquisition of an additional Interest by any new or existing Member in exchange for more than a de minimis capital contribution;

(B) the distribution by the Company to a Member of more than a de minimis amount of Company property other than money, whether in liquidation of the Company or otherwise, or a distribution in complete liquidation of the Interest of a Member; provided that in connection with a distribution other than in liquidation of the Company, only the Book Value of the distributed asset shall be adjusted if the Management Committee determines that such adjustment will be sufficient to reflect the relative Interests of the Members; and

(C) the termination of the Company for federal income tax purposes pursuant to Code section 708(b);

(iii) the Book Value of any Company asset distributed to any Member shall be the Fair Market Value of such asset on the date of distribution;

(iv) if the Book Value of an asset has been determined or adjusted pursuant to clause (i) or clause (ii) above, such Book Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses, and other items allocated pursuant to Section 3.3.

The foregoing definition of Book Value is intended to comply with the provisions of Treasury Regulation section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"BE Inc." is defined in the first paragraph hereof.

"BE Inc. Member Group" means BE Inc. and its Affiliates that are admitted as Members in accordance with Article 7 upon the transfer of an Interest or portion thereof originally owned by a Member of the BE Inc. Member Group.

"Business" means the business of acquiring and operating nuclear- and non-nuclear-powered generating facilities and other associated assets in the United States.

"Capital Account" is defined in Section 2.1(a).

"Claim" is defined in Section 9.3(a).

"Closing" is defined in Section 7.3(d).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means AmerGen Energy Company, LLC.

"Company Minimum Gain" means the aggregate of the amounts of gain, if any, determined for each nonrecourse liability of the Company, that would be realized by the Company for federal income tax purposes if it disposed of the Company property subject to such liability in a taxable transaction in full satisfaction thereof and for no other consideration. To the extent the foregoing is inconsistent with Treasury Regulation section 1.704-2(d) or incomplete with respect to such regulation, Company Minimum Gain shall be computed in accordance with such regulation.

" Contributing Member" is defined in Section 2.2(c).

"Depreciation" means, for each fiscal year or part thereof, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such year or other period, except that if the Book Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year, Depreciation shall be an amount which bears the same ratio to such Book Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year bears to such adjusted tax basis; provided that if the federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such Book Value using any reasonable method selected by the Management Committee.

"Distributable Cash" means, as of the end of any fiscal period, the excess of the cash and cash equivalents held by the Company and its Subsidiaries over the aggregate amount of any reserves established by the Management Committee (in accordance with sound business practice or pursuant to any regulatory requirements) to fund the Company's reasonably anticipated cash requirements.

" Expert" is defined in Section 6.5(a).

"Effective Date" means the date on which the Certificate of Formation of the Company is filed with the Secretary of State of the State of Delaware.

"Fair Market Value" means, with respect to any asset, as of the date of determination, the cash price at which a willing seller would sell and a willing buyer would buy, each being apprised of all relevant facts and neither acting under compulsion, such asset in an arm's-length negotiated transaction with an unaffiliated third party without time constraints.

"GAAP" means generally accepted accounting principles as used by the Financial Accounting Standards Board and/or the American Institute of Certified Public Accountants.

"Governmental Authority" means a national, state, provincial, county, city, local or other governmental or regulatory body or authority, whether domestic or foreign.

"Indemnified Person" is defined in Section 9.1(b).

"Initial Business Plan" means the Initial Business Plan of the Company approved by the Management Committee.

"Interest" means the entire legal and equitable ownership interest of a Member in the Company, including the percentage interest of a Member (or a permitted assignee of a Member pursuant to Article 7 which has not been admitted as a Member of the Company) in the aggregate distributions by the Company and the aggregate allocations by the Company of Profits, Losses, income, gain, loss, deduction or credit or any similar item to which such Member (or its permitted assignee) is entitled, and the right of a Member to exercise governance rights with regard to the Company (including the right to appoint Representatives to the Management Committee).

"Investment Banker" means an investment banking firm of recognized national standing.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, right of first refusal or right of others therein, or encumbrance of any nature whatsoever in respect of such asset.

"Liquidator" is defined in Section 8.3(b).

"Management Committee" is defined in Section 6.1.

"Managing Member" means BE Inc. in the case of the BE Inc. Member Group and PECO Energy in the case of the PECO Energy Member Group, or such other Members that from time to time may be designated by the Members of the BE Inc. Member Group or PECO Energy Member Group, respectively. Such Persons shall not constitute "managers" (within the meaning of the Act) of the Company.

"Member" means, initially, BE Inc. or PECO Energy, as the context permits, and its successors or assigns, in such Person's capacity as a member (within the meaning of the Act) of the Company.

"Member Group" means the BE Inc. Member Group or the PECO Energy Member Group, as the context permits.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a nonrecourse liability, determined in accordance with Treasury Regulation section 1.704-2(i).

"Member Nonrecourse Debt" has the meaning set forth in Treasury Regulation section 1.704-2(b)(4), and generally means any nonrecourse debt of the Company for which any Member bears the economic risk of loss (such as a nonrecourse loan to the Company by a Member or certain Affiliates of Member).

"Member Nonrecourse Deduction" has the meaning set forth in Treasury Regulation section 1.704-2(i)(2). The amount of the Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a Company fiscal year equals the net increase, if any, in the amount of Member Minimum Gain attributable to such Member Nonrecourse Debt during that fiscal year, reduced by the aggregate amount of any distributions during that fiscal year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such distributions are from the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Minimum Gain attributable to such Member Nonrecourse Debt.

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulation section 1.704-2(c). The amount of Nonrecourse Deductions for a fiscal year equals the net increase, if any, in the amount of Company Minimum Gain during that fiscal year, reduced by any Nonrecourse Distributions during such year.

"Nonrecourse Distributions" means the aggregate amount, as determined in accordance with Treasury Regulation section 1.704-2(c), of any distributions during the fiscal year of proceeds of a nonrecourse liability, as defined in Treasury Regulation section 1.704(b)(3), that are allocable to an increase in Company Minimum Gain.

" Non-Contributing Member" is defined in Section 2.2(c).

" NRC" is the United States Nuclear Regulatory Commission.

"Offer" is defined in Section 7.3(a).

"Offered Interest" is defined in Section 7.3(a).

"Offeror" is defined in Section 7.3(a).

"Offer Notice" is defined in Section 7.3(b).

"PECO Energy" is defined in the first paragraph hereof.

"PECO Energy Member Group" means PECO Energy and its Affiliates that are admitted as Members in accordance with Article 7 upon the transfer of an Interest or portion thereof originally owned by a Member of the PECO Energy Member Group.

"Person" means any individual, corporation, partnership, firm, joint venture, association, limited liability company, joint stock company, trust, estate, unincorporated organization, Governmental Authority, or other entity.

"Profits and Losses" means, for each fiscal year or part thereof, the Company's taxable income or loss for such year determined in accordance with Code section 703(a)(1) (for this purpose, all items of income, gain, loss and deduction required to be stated separately pursuant to Code section 703(a)(1) shall be included in taxable income or loss) with the following adjustments:

(i) any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in Code section 705(a)(2)(B) or treated as such pursuant to Treasury Regulation section 1.704-1(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(iii) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, Depreciation for such fiscal year shall be taken into account;

(iv) if the Book Value of any Company asset is adjusted pursuant to clause (ii) or clause (iii) of the definition of Book Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses; and

(v) such taxable income or loss shall not be deemed to include items of income, gain, loss or deduction allocated pursuant to Section 2.1(c)(iii) (to comply with Treasury Regulation under Code section 704(b)), Section 3.3 or expense taken into account in computing the Members' shares of Nonrecourse Deductions or Member Nonrecourse Deductions.

"Representative" is defined in Section 6.1(b).

" Safety Issue" means any matter which concerns any of the following:

(i) implementation or compliance with any Generic Letter, Bulletin, Order, Confirmatory Order or similar requirement issued by the NRC;

(ii) prevention or mitigation of a nuclear event or incident or the unauthorized release of radioactive material;

(iii) placement of the plant in a safe condition following any nuclear event or incident;

(iv) compliance with the Atomic Energy Act, the Energy Reorganization Act, or any NRC rule;

(v) compliance with a specific operating license and its technical specifications;

(vi) compliance with a specific Updated Final Safety Analysis Report, or other licensing basis document.

Any matter on which the Management Committee shall vote in accordance with Section 6.3 that is not substantially or primarily one of nuclear safety shall not constitute a Safety Issue, so that, for purposes of illustration only, any plant expenditure of a material nature intended to extend the economic operational life or improve the economic performance of the power station in question shall not be considered a Safety Issue.

"Section 7.2 Transferee" is defined in Section 7.2.

"Selling Group" is defined in Section 7.3(a).

"Subsidiary" means, as to any Person, any other Person of which more than 50% of equity interests are owned, directly or indirectly, through one or more intermediaries, or both, by such Person.

"Tax Matters Partner" is defined in Section 5.5(d).

"Treasury Regulations" means regulations issued by the Treasury Department pursuant to the Code.

"Wholly Owned Subsidiary" means, as to any Person, a Subsidiary all of the equity interests of which are owned, directly or indirectly, through one or more intermediaries, or both, by such Person.

1.8 Registered Office; Registered Agent. The address of the registered office of the Company in the State of Delaware shall be 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 or such other address as the Management Committee may determine. The registered agent for service of process on the Company in the State of Delaware shall be The Corporation Trust Company, or such other agent as the Management Committee may determine. If the registered agent ceases to act as such for any reason or if the registered office shall change the Management Committee shall promptly designate a replacement registered agent or change the registered address, as the case may be. If the Management Committee fails to designate a replacement registered agent or change of address of the registered office, any Member may designate a replacement registered agent or change the registered address.

1.9 Representations and Warranties.

(a) Each Member hereby represents and warrants to the other Member that: (a) if that Member is an organization, that it is duly organized, validly existing and in good standing under the laws of its state of organization and that it has full power and authority to execute and deliver this Agreement and to perform its obligations, including the funding obligations under Section 2.2, hereunder; and (b) the Member is acquiring its Interest for the Member's own account as an investment and without an intent as of the Effective Date to distribute such Interest.

(b) To the extent only that the foregoing representations and warranties are made by BE Inc., and in consideration of PECO Energy entering into this Agreement, BE Inc. enters into this Agreement for itself and on behalf of British Energy (who shall for the purpose hereof be a signatory to this Agreement) as if British Energy were making such representations and warranties, provided, however, that PECO Energy shall first look to BE Inc. in enforcing such representations and warranties.

ARTICLE 2

CAPITALIZATION

2.1 Capital Accounts.

(a) Establishment. A separate capital account ("Capital Account") is hereby established for each Member as of the Effective Date.

(b) General Rules for Adjustment of Capital Accounts. The Capital Account of each Member shall be:

(i) increased by:

(A) the aggregate amount of such Member's cash contributions to the Company;

(B) the initial Book Value of property contributed by such Member to the Company, net of liabilities secured by such property that the Company is considered to assume or take subject to Code section 752 and Treasury Regulations thereunder; and

(C) such Member's distributive share of Profits and items of income and gain allocated to such Member pursuant to Section 2.1(c)(iii) or Section 3.3; and

(ii) decreased by:

(A) cash distributions to such Member from the Company;

(B) the Book Value of property distributed in kind to such Member, net of liabilities secured by such property that such Member is deemed to assume or take subject to under Code section 752 and Treasury Regulations thereunder; and

(C) such Member's distributive share of Losses and items of loss or deduction allocated to such Member pursuant to Section 2.1(c)(iii) or Section 3.3.

(iii) increased or decreased by the adjustment described in Section 6.5.

(c) Special Rules.

(i) Time of Adjustment for Capital Contributions. For purposes of computing the balance in a Member's Capital Account, no credit shall be given for any capital contribution which such Member is obligated to make until such contribution is actually made.

(ii) Capital Account for Transferred Interest. If any interest in the Company or part thereof is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(iii) Intent to Comply with Treasury Regulations. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulation. To the extent such provisions are inconsistent with such regulation or are incomplete with respect thereto, the Capital Accounts of the Members shall be maintained in accordance with such regulation except to the extent that doing so would materially distort the timing or amount of an allocation or distribution to a Member.

2.2 Capital Contributions.

(a) On the Effective Date, the Interest of the BE Inc. Member Group shall be 50% and the Interest of the PECO Energy Member Group shall be 50%. Except as otherwise provided herein or as agreed by the Members, all capital contributions shall be made 50% by the BE Inc. Member Group and 50% by the PECO Energy Member Group.

(b) The Management Committee shall have the right to call for capital contributions (which call shall be a condition to any Member's obligation to make any such capital contribution). Each Member agrees that it shall promptly make (or be subject to the consequences described in Section 2.2(c) below) any such capital contribution if such capital contribution is for a specific transaction, project or commitment previously approved by the Management Committee or for a Safety Issue.

(c) In the event that a Member fails to make a required capital contribution by the due date required by the Management Committee (each date being referred to hereafter as the "Due Date," and such defaulting Member being referred to hereafter as a "Non-Contributing Member"), the other Member (the "Contributing Member") may elect any of the following alternatives:

(i) the Contributing Member may cause the Company to treat the amount required to be contributed by the Non-Contributing Member as a liability of such Non-Contributing Member and pursue appropriate remedies for the recovery of such amount. Where the Contributing Member has made an election pursuant to this Section 2.2(c)(i), the Non-Contributing Member shall remain liable to the Company in respect of the defaulted contribution or payment until such time as the amount is paid to the Company; or

(ii) the Contributing Member may instead cause the Company (A) to allow the Contributing Member to withdraw its corresponding additional capital contribution due to the failure of the Non-Contributing Member to make its required additional capital contribution (the making of such required additional capital contribution by all Members being a condition to the obligation of each Member to make its required additional capital contribution), in which event the Company shall promptly return any such contribution to such Member and, pending such return, the amount of such contribution shall be deemed to be a demand loan from such Member to the Company, or (B) to borrow from the Contributing Member an amount equal to up to the entire amount required to be contributed above by the Non-Contributing Member (the "Shortfall Amount") in exchange for the issuance to the Contributing Member of the Company's Senior Secured Notes on the terms and conditions set forth on the Schedule attached to this Agreement. Where the Contributing Member has made an election pursuant to this Section 2.2(c)(ii)(B), it shall be entitled to, and shall cause the Company to, register a charge over the Company's earnings from the asset in question to the extent practicable or the distributions of Distributable Cash by the Company to the Non-Contributing Member from the date of the payment by the Contributing Member of the Shortfall Amount until such time as the Contributing Member has been repaid the Shortfall Amount plus the applicable interest. The payments of interest and principal on any Senior Secured Notes shall be made without any further action on behalf of the Management Committee.

(d) The Non-Contributing Member shall indemnify the other Member and the Company for all liabilities, obligations, damages, losses, costs and expenses

(including but not limited to reasonable attorneys' fees and court costs) arising out of such default.

(e) No Member shall have the right to make any capital contributions to the Company without the prior written consent of the Management Committee and unless the opportunity to make such contribution has been extended to all Members on the same terms.

2.3 No Withdrawals. Except as expressly set forth herein, no Member shall be entitled to withdraw any portion of its capital contribution or Capital Account balance.

ARTICLE 3

PROFITS AND LOSSES

3.1 Profits. After giving effect to the special allocations set forth in Section 3.3 and Section 6.5, Profits with respect to any fiscal year shall be allocated to the Members:

(a) First, to the extent of the excess of Losses allocated to them pursuant to Section 3.2(b)(i) over Profits previously allocated to them under this Section 3.1(a), in reverse order of such allocations; and

(b) The balance, in accordance with their respective Interests.

3.2 Losses.

(a) General Rule. After giving effect to the special allocations set forth in Section 3.3, Section 3.2(b) and Section 6.5, Losses with respect to any fiscal year shall be allocated to the Members in accordance with their respective Interests.

(b) Limitation. Losses allocated to any Member pursuant to Section 3.2(a) with respect to any fiscal year shall not exceed the maximum amount of Losses that may be so allocated without causing such Member to have an Adjusted Capital Account Deficit at the end of such fiscal year. All Losses in excess of the limitation set forth in this Section 3.2(b) shall be allocated:

(i) First, to the Members that will not be subject to this limitation, ratably based on the aggregate of their Interests, to the extent possible until such Members become subject to this limitation; and

(ii) Any remaining amount, to the Members, ratably based on their Interests, unless otherwise required by the Code or Treasury Regulations.

3.3 Special Allocations.

(a) Qualified Income Offset. Subject to Section 3.3(b), notwithstanding anything herein to the contrary, but only if required by Treasury Regulation section 1.704-1(b) in order for the allocations provided for herein to be considered to have substantial economic effect or to be deemed to be in accordance with the Member's Interests, if, for any fiscal year, a Member unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), and such adjustment, allocation or distribution causes or increases an Adjusted Capital Account Deficit, such Member shall be allocated items of income and gain (consisting of a pro rata portion of each item of Company income, including gross income and gain) in the amount and manner sufficient to eliminate such

Adjusted Capital Account Deficit as quickly as possible. This Section 3.3(a) is intended to comply with Treasury Regulation section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(b) Minimum Gain Chargeback. Notwithstanding any other provision of this Article 3, if there is a net decrease in Company Minimum Gain during any fiscal year, each Member shall, subject to the exceptions provided in Treasury Regulation section 1.704-2(f), be allocated items of income and gain for such fiscal year equal to such Member's share of the net decrease in Company Minimum Gain within the meaning of Treasury Regulation section 1.704-2(g)(2). To the extent that this Section 3.3(b) is inconsistent with Treasury Regulations, the Minimum Gain Chargeback provided for herein shall be applied and interpreted in accordance with such Treasury Regulation.

(c) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Members in accordance with their respective Interests.

(d) Curative Allocations. Special allocations of items of income or gain pursuant to Sections 3.3(a), 3.3(b), 3.3(e) or 2.1(c)(iii) may not be consistent with the manner in which the Members intend to divide the Profits, Losses, Nonrecourse Deductions, gain and similar items. Accordingly, Profits, Losses, Nonrecourse Deductions, and other items shall be allocated subsequent to any such special allocations among the Members in a manner consistent with Treasury Regulation sections 1.704-1(b) and 1.704-2 so as to prevent such special allocations from distorting the manner in which overall Company Profits, Losses and Nonrecourse Deductions are intended to be allocated among the Members pursuant to Sections 3.1, 3.2 and 3.3(c). In general, the Members and the Company anticipate and agree that this will be accomplished by specially allocating other Profits, Losses and items of income, gain, loss and deduction among the Members in the current year or subsequent years so that the net amount of such special or other unintended allocations to each Member is zero after taking into account present value concepts.

(e) Member Nonrecourse Deductions and Member Minimum Gain Chargeback.

(i) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Member that bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation sections 1.704-2(i) and 1.704-2(k) and Member Minimum Gain Chargebacks arising from any decreases in Member Minimum Gain shall be allocated to the Members as required by Treasury Regulation section 1.704-2(i).

(ii) Member Minimum Gain Chargeback. If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Company fiscal year, within the meaning of Treasury Regulation sections 1.704-2(i)(3) and 1.704-2(k), each Member that, as of the beginning of such year, has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulation sections 1.704-2(i)(5) and 1.704-2(k), shall be allocated items of income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in proportion to, and to the extent of, an amount equal to the greater of (a) such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt, or (b) the Adjusted Capital Account Deficit of such Member as of the end of such fiscal year, determined before taking into account any allocation of Company income, gain, loss, deduction or Code section 705(a)(2)(B) expenditure for such fiscal year equal to that Member's share of the net decrease in the Member Minimum Gain, determined in a manner consistent with Treasury Regulations section 1.704-2(g)(2). To the extent that this Section 3.3(e)(ii) is inconsistent with Treasury Regulations, the Member Minimum Gain Chargeback provided for herein shall be applied and interpreted in accordance with such regulation.

3.4 Allocation of Credits. All tax credits shall be allocated among the Members in accordance with their respective Interests or in accordance with applicable provisions of the Code or Treasury Regulations to the extent any such provision is inconsistent with such allocation.

3.5 Tax Allocations.

(a) Contributed Property. In the event any property is contributed to the capital of the Company, income, gain, loss and deduction with respect to such property shall be allocated solely for tax purposes among the Members in accordance with Code section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Book Value.

(b) Revalued Property. If the Company assets are revalued as set forth in the definition of "Book Value", subsequent allocations of income, gain, loss and deduction with respect to revalued Company assets shall take into account any variation between the adjusted basis of such assets for federal income tax purposes and their adjusted value in the same manner as under Code section 704(c) and the Treasury Regulations thereunder.

(c) Effect. Allocations pursuant to this Section 3.5 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken

into account, in computing any Member's Capital Account or share of Profits, Losses or other items or distributions pursuant to any provision of this Agreement.

(d) Conformity of Reporting. The Members are aware of the income tax consequences of the allocations made by this Section 3.5 and hereby agree to be bound by the provisions of this Section 3.5 in reporting their shares of Company gain, income, loss, deduction credits and other items for income tax purposes, except in the case of fraud or manifest error.

3.6 Change in Member's Interests. In the event there is any change in the Members' respective Interests during any fiscal year, Profits, Losses, Nonrecourse Deductions and other items shall be allocated among the Members in accordance with their respective Interests from time to time during such fiscal year in accordance with Code section 706, using any convention permitted by law and selected by the Management Committee.

ARTICLE 4

DISTRIBUTIONS

4.1 Distributable Cash. It shall be the policy of the Company, and the Members shall direct their respective Representatives on the Management Committee to cause the Company, to distribute Distributable Cash to the Members quarterly. For the purpose of this Section 4.1 in the case of a charge over distributions of Distributable Cash pursuant to Section 2.2(c)(ii)(B), each of the Members' foregoing obligation under this Section 4.1 shall, but without prejudice to the determination of Distributable Cash, be deemed to have been properly fulfilled where the Contributing Member has for its part fulfilled such obligation. Any distributions of such Distributable Cash shall be made, where applicable, first to each Member of the BE Inc. Member Group in an amount equal to the amount of the special allocations described in the seventh and last sentences of Section 6.5(a) and the first sentence in Section 6.5(e) and to each Member of the PECO Energy Member Group, where applicable, in an amount equal to the amount of the special allocations described in the next to the last sentence of Section 6.5(a) and first sentence of Section 6.5(d), in each case at such quarter date as the Member elects at its sole discretion. The remaining distributions of Distributable Cash shall be made to the Members in accordance with their respective Interests, except in the case of a charge over distributions of Distributable Cash pursuant to Section 2.2(c)(ii)(B). Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the Company, and the Members, Management Committee and Representatives on behalf of the Company, shall not be required to make any distribution of Distributable Cash to any Member on account of such Member's Interest in the Company if such distribution would violate Section 18-607 of the Act or other applicable law. To the extent that any distributions of Distributable Cash corresponding to special allocations provided for in this Section 4.1 cannot be fully made within a particular fiscal year, such amounts that cannot be distributed shall be distributed in the next succeeding fiscal year.

4.2 Liquidating Distributions. Distributions to the Members of cash or property in connection with a dissolution of the Company shall be made in accordance with the Capital Account balances of the Members, as provided in Section 8.3(d)(ii).

4.3 Other Distributions. No Member shall be entitled to receive any distribution from the Company without the consent of the Management Committee or as otherwise provided in Section 4.1 or 8.3(d).

ARTICLE 5

ACCOUNTING AND RECORDS

5.1 Fiscal Year. The fiscal year of the Company shall be the year ending December 31.

5.2 Method of Accounting. Unless otherwise provided herein, the Company books of account shall be maintained in accordance with GAAP; provided that for purposes of making allocations and distributions hereunder (including distributions upon dissolution of the Company in accordance with Capital Account balances as required by Section 8.3(d)(ii)), the relevant items shall be determined in accordance with federal income tax accounting principles utilizing the accrual method of accounting, with adjustments required by Treasury Regulation section 1.704-1(b) to properly maintain Capital Accounts. Each Member acknowledges that the Capital Account balances of the Members for the purposes described in the preceding sentence are not computed in accordance with GAAP and accordingly that any GAAP financial statements for the Company do not reflect their true Capital Account balances.

5.3 Books and Records; Inspection.

(a) Books of Account and Records. Proper and complete records and books of accounts of the Company business for tax and financial purposes, including all such transactions and other matters as are usually entered into records and books of account maintained by Persons engaged in businesses of like character or as are required by law, shall be kept by the Company at the Company's principal office and place of business. The Management Committee may delegate to a third party or any Member the duty to maintain and oversee the preparation and maintenance of such records and books of account. Books and records maintained for financial purposes shall be maintained in accordance with GAAP, and books and records maintained for tax purposes shall be maintained in accordance with the Code and applicable Treasury Regulations.

(b) Inspection. All records and documents described in Section 5.3(a) shall be open to inspection and copying by any of the Members or their Representatives at any reasonable time during business hours. Notwithstanding anything in the Act (including Section 18-305(c) of the Act) or this Agreement to the contrary, the Members and the Representatives shall not have the right to keep confidential from any other Member or Representative, in their capacities as such, any information of the Company.

5.4 Financial Statements. Within 90 days after the end of each fiscal year, and 30 days after the end of each calendar quarter, the Management Committee shall cause to be furnished to each Member financial statements with respect to such fiscal year or quarter of the Company, consisting of (i) a balance sheet showing the Company's financial position as of the end of such fiscal year or quarter, (ii) supporting profit and loss statements, (iii) a statement of cash flows for such year or quarter and (iv) Member's Capital Accounts, provided that prior to such dates the Company shall provide to each Member on a timely basis such financial information as may be required to permit each Member Group to prepare its annual and quarterly financial reports. The annual financial statements of the Company shall, unless the Management Committee or the Members

determine otherwise, be audited (which audit shall be conducted in accordance with GAAP) and certified by an independent firm of certified public accountants selected by the Management Committee or the Members (which firm may be the firm regularly engaged by any one or more of the Members). Each Member shall receive a copy of all material financial reports and notices delivered by the Company to any third party pursuant to any other agreement. The Company shall also produce and distribute monthly revenue, operating expense and capital expenditure reports and such other financial statements as the Management Committee reasonably determines.

5.5 Taxation.

(a) Status of the Company. The Members acknowledge that this Agreement creates a partnership for federal income tax purposes, and hereby agree not to elect to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

(b) Tax Elections and Reporting.

(i) Generally. The Company shall make the following elections and take the following positions under United States income tax laws and Treasury Regulations and any similar state laws and regulations:

(A) Adopt the year ending December 31 as the annual accounting period (unless otherwise required by the Code and Treasury Regulations);

(B) Adopt the accrual method of accounting; and

(C) Insofar as permissible, report the Company's tax attributes and results using principles consistent with those assumed in connection with entering into this Agreement.

(ii) Code Section 754 Election. The Management Committee shall, upon the written request of any Member, cause the Company to file an election under Code section 754 and the Treasury Regulations thereunder to adjust the basis of the Company's assets under Code section 734(b) or 743(b) and a corresponding election under the applicable sections of state and local law.

(c) Company Tax Returns. The Tax Matters Partner will prepare or cause to be prepared the domestic and foreign tax returns and information returns for the Company at no charge to the Company, except for all reasonable out-of-pocket expenses (including accounting fees, if any). Any Member may, at its own expense, engage a third party to review the tax returns and information returns prepared by the Tax Matters Partner pursuant to the preceding sentence. Any and all other tax returns shall be prepared in a manner directed by the Tax Matters Partner consistent with the terms of this Agreement. Each Member shall provide such information, if any, as may be reasonably requested by the Company for purposes of preparing such tax and information returns. The Company shall use its best efforts to (i) cause copies of all tax returns to be submitted to each Member within 45 days after the presentation of the financial statements in Section 5.4 and (ii) deliver to each Member within 90 days after the end of each taxable year any additional information in the possession of the Company that the Members may require for the preparation of their own income tax returns, provided that prior to such dates the Company shall provide to each Member on

a timely basis such tax information as may be required to permit each Member Group to prepare its quarterly and annual tax filings.

(d) Tax Audits. PECO Energy shall be the "tax matters partner," as that term is defined in Code section 6231(a)(7) (the "Tax Matters Partner") with all of the rights, duties and powers provided for in sections 6221 through 6232, inclusive, of the Code, provided that the Tax Matters Partner shall not pay or agree to pay any audit assessment, or any amount in settlement or compromise of any litigation, in respect of income items of the Company expected to have a tax impact in excess of $250,000 on any Member in any one instance or series of related instances, unless approved by the Management Committee. The Tax Matters Partner, as an authorized representative of the Company, shall direct the defense of any tax claims made by the Internal Revenue Service or any other taxing jurisdiction to the extent that such claims relate to adjustment of Company items at the Company level and, in connection therewith, shall retain and pay the fees and expenses of counsel and other advisors chosen by the Tax Matters Partner. The Tax Matters Partner shall deliver to each Member and the Management Committee a semi-annual report on the status of all tax audits and open tax years relating to the Company, and shall consult with and keep all Members and the Management Committee advised of all significant developments in such matters coming to the attention of the Tax Matters Partner. The Tax Matters Partner shall also be responsive to reasonable requests of each Member and the Management Committee. All reasonable expenses of the Tax Matters Partner and its Affiliates (including reasonable internal time charges and reasonable disbursements) and other reasonable fees and expenses in connection with such defense shall be borne by the Company. Except as provided in Article 9, neither the Tax Matters Partner nor the Company shall be liable for any additional tax, interest or penalties payable by a Member or any costs of separate counsel chosen by such Member to represent the Member with respect to any aspect of such challenge.

ARTICLE 6

MANAGEMENT

6.1 Management Committee. The property, business and affairs of the Company shall be managed by or under the direction of a Management Committee (the "Management Committee"). In addition to the powers and authorities by this Agreement expressly conferred upon it, the Management Committee may exercise all such powers of the Company and do all such lawful acts and things as are not by statute or by this Agreement directed or required to be exercised or done by the Members. Except as determined by the Management Committee pursuant to this Article 6 or otherwise pursuant to this Agreement, no Member or Representative shall have any right or authority to take any action on behalf of the Company with respect to third parties or to bind the Company.

(a) Number of Representatives. The Management Committee shall consist of eight individuals (each, a "Representative"), with the BE Inc. Member Group having the right to appoint four Representatives and PECO Energy Member Group having the right to appoint four Representatives. Unless the Chief Executive Officer of the Company is otherwise a Representative of a Member Group, the Chief Executive Officer shall be a non-voting additional Representative on the Management Committee. The Representatives shall not be "managers" of the Company as such term is used in the Act.

(b) Initial Representatives. The initial Representatives of the Management Committee shall be appointed by the respective Member Groups prior to the first meeting of the Management Committee. Each Member Group shall notify the other of its appointed Representatives.

(c) Vacancies. Except for the Chief Executive Officer (provided the Chief Executive Officer is not otherwise a Representative of a Member Group), each Representative shall hold office until death, resignation or removal at the pleasure of the Member Group which appointed such Representative. If a vacancy occurs on the Management Committee, the Managing Member of the Member Group that appointed the vacating Representative shall appoint such Representative's successor.

(d) Chairman. The Chairman of the Management Committee shall be appointed by the PECO Energy Member Group and may only be removed by the PECO Energy Member Group.

(e) Chief Executive Officer. The Chief Executive Officer of the Company shall be elected by the Management Committee. The Chief Executive Officer shall be responsible for the day-to-day operations of the Company, and shall sign, execute and acknowledge contracts and agreements relating thereto on behalf of the Company and shall perform such duties as are from time to time assigned by the Management Committee, and may delegate such responsibilities to the president or a vice president of the Company. The Chief Executive Officer may only be removed by the Management Committee. The Chief Executive Officer shall employ and retain on behalf of the Company, subject to approval by the Management Committee, such Persons as may be necessary or appropriate for the conduct of the Company's business (subject to the supervision and control of the Management Committee), including employees and agents who may be designated as officers

with titles including but not limited to "president," "vice president," "treasurer," "secretary," "general manager," "director" and "chief financial officer," as and to the extent authorized by the Management Committee. The designation of any Person as an officer or other agent of the Company shall not by itself create any contract rights.

6.2 Meeting Requirements.

(a) Regular Meetings. The Management Committee shall meet no less frequently than four times each calendar year in Philadelphia, Pennsylvania or such other place agreed to by the Members on a date and at a time and place established by the Members.

(b) Special Meetings. A special meeting of the Management Committee or the Members shall be held at the request of any Member. The lo such meeting shall be in Philadelphia, Pennsylvania or such other place agreec Members.

(c) Telephonic Meetings. Any meeting of the Management C or the Members may be held by conference telephone call or through similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a telephonic meeting held pursuant to this Section 6.2(c) shall constitute presence in person at such meeting.

(d) Notices. Notices of regular meetings and special meetings of the Management Committee or the Members may be given by any Representative or Member, as the case may be, and shall state the date, hour and purpose of the meeting. All such notices shall be accompanied by an agenda for the meetings, as well as the texts of all resolutions proposed to be adopted at such meetings. No item may be discussed if not on the agenda unless a quorum is present and the Representatives present waive notice of the additional item(s). Notice of a regular or special meeting shall be given by facsimile, confirmed by registered mail not less than 14 days (in the case of a regular meeting) or 72 hours (in the case of a special meeting) before the date of the meeting to each Representative at the facsimile number and address provided by the Representative to the Company from time to time. Any Representative may waive as to such Representative only in writing the requirements for notice before, at or after a meeting.

(e) Quorum. At each meeting of the Management Committee or the Members, the presence in person or by telephone of at least two Representatives of each Member Group shall be necessary to constitute a quorum for the transaction of business.

(f) Written Consents. Any action required or permitted to be taken at a meeting of the Management Committee or the Members may be taken without a meeting if the requisite Representatives of each Member Group consent thereto in writing.

6.3 Actions by Management Committee.

(a) Scope of Authority. The Management Committee shall have full power and authority, as delegated to it by the Members, to direct and control the business affairs of the Company except with respect to those matters reserved specifically to the Members, and subject to the right of the Management Committee to delegate such power and authority to Persons responsible for day-to-day operation of the Company; provided, however, notwithstanding anything to the contrary in this Agreement, the Chief Executive Officer and the other Persons who are responsible for the day-to-day operation of the Company shall have the authority to make the daily operating decisions, within the approved expenditure limits, necessary or appropriate for the safe and efficient operation of the Company's facilities and assets, including entering into agreements with third parties for such day-to-day operations, without the prior approval of the Management Committee.

(b) Approval Requirements.

(i) Consent or approval of the Management Committee shall mean the affirmative vote of a majority of the Representatives authorized to vote and

voting at a duly held meeting of the Management Committee. Notwithstanding anything to the contrary in this Agreement, the Chairman shall have a casting vote to break a tie on all Safety Issues and such casting vote by the Chairman shall, subject to Section 6.5, constitute the final and definitive determination by the Management Committee and shall not otherwise be subject to review.

(ii) Except as otherwise provided in this Agreement, each Representative shall be entitled to one vote on all matters submitted to a vote of the Management Committee; provided that if one or more Representatives are absent or not appointed because of a vacancy on the Management Committee or otherwise, then a majority of the other Representatives of such absent Representative's Member Group present at the meeting shall have the right to cast the votes of such absent Representatives.

(iii) The Company shall provide each Representative of a Member Group with (A) adequate notice (in light of the time frame in which approval is sought) of the substance of any matter requiring the approval of the Management Committee in order to afford such Representative sufficient time to review such matter and the analysis thereof and (B) an opportunity to consult with the management of the Company regarding such matter and possible alternatives prior to the meeting at which approval is sought; provided that any alleged noncompliance with the provisions of this paragraph (iii) shall not affect the validity of any consent or approval pursuant to paragraphs (i) and (ii) above.

(c) Budgets. The Management Committee shall adopt an annual budget for the operations of the Company. The proposed budget shall be presented to the Management Committee no later than 60 days prior to the commencement of each fiscal year of the Company.

6.4 Actions by Members.

(a) Notwithstanding any other provision in this Agreement to the contrary, the following actions require the prior written approval of all Members: (i) dissolution of the Company in accordance with Section 8.2(a); (ii) amendment of this Agreement; and (iii) approval of funding of all plant acquisition or construction approved by the Management Committee.

(b) The Members shall establish the roles and responsibilities of the Members, Management Committee and Chief Executive Officer to the extent necessary and not otherwise provided for in this Agreement and shall cause the Management Committee to adopt resolutions implementing such roles and responsibilities, including establishing authorized expenditure limits for the Chief Executive Officer, the management of due diligence in the acquisition of generating facilities, the approval of unbudgeted capital expenditures, and the approval of the disposal of Company assets.

6.5 Disagreements Relating to Safety Issues.

(a) If the BE Inc. Member Group is of the opinion that the Chairman has exercised his casting vote to break a tie in circumstances that could not reasonably be deemed to constitute a Safety Issue, then the BE Inc. Member Group shall notify the PECO Energy Member Group and the Company of such opinion in writing within seven days of the date of the Management Committee vote. Within 10 business days of such notice (or such longer period as they may agree), the Chairmen of British Energy and

PECO Energy shall make a good faith effort to amicably resolve the matter. If the Chairmen are unable to amicably resolve the matter, the BE Inc. Member Group may refer the issue to a mutually agreed upon expert (the "Expert"). The BE Inc. Member Group shall notify the PECO Energy Member Group of such referral and for agreement on the appointment of the Expert within five business days of termination of discussions on the matter between the Chairmen. The BE Inc. Member Group shall also notify the Company of such referral. The Expert shall deliver a decision as to whether or not, at the time of the vote, the exercise of the casting vote by the Chairman could reasonably be deemed to constitute a Safety Issue. In the event that the Expert decides that the exercise of the casting vote at the time could not reasonably be deemed to constitute a Safety Issue, an amount of Company expenses for the year shall be specially allocated directly and proportionally to each Member of the PECO Energy Group of the expenditure commitment made by the Management Committee as can be reasonably allocated to the agenda item relating to the issue on which the Management Committee voted. The Expert shall also, subject to (b) below, if the matter is included in the referral to the Expert, determine what the amount of the contribution should be. Such payment by the PECO Energy Member shall be made not later than 30 days from the date of the Expert's decision. If the Expert decides that the exercise of the casting vote at the time could reasonably be deemed to constitute a Safety Issue, then each Member of the BE Inc. Member Group shall be specially allocated its proportional share of an amount of Company expenses for the year equal to the costs of the Expert. If the Expert decides that the exercise of the casting vote at the time could not reasonably be deemed to constitute a Safety Issue, then each Member of the PECO Energy Member Group shall be specially allocated its proportional share of an amount of Company expenses for the year equal to the costs of the Expert.

(b) With regard to technical matters concerning determination of a Safety Issue, the Expert shall be a qualified engineer, with not less than ten years experience, from a recognized nuclear engineering consulting firm with particular expertise in NRC regulation. With regard to financial issues concerning the expenditure commitment allocated to the aforesaid agenda item, the Expert shall be a financial accountant from a recognized accounting firm with expertise in NRC regulation. Should the Parties fail to agree on the appointment of the Expert within seven days of the notice of referral by the BE Inc. Member, the Expert shall be appointed by the President of the American Institute of Nuclear Engineers. The Expert shall consider the evidence he or she deems necessary to rendering a decision, including speaking to persons representing each Member, requesting affidavits and questioning in person those making affidavits. The Expert shall render a written decision with reasons therefor within 15 days of the Expert's appointment.

(c) The Expert's decision shall be final and binding on the Members and the Parties hereby acknowledge that the Expert is acting as such and not as an arbitrator on matters of legal dispute pursuant to Section 6.10.

(d) Within one year from completion of a modification for which each Member of the PECO Energy Member Group has been allocated expenses pursuant to Section 6.5(a), to the extent that the PECO Energy Member Group demonstrates that such modification has enhanced the value of the plant that was the subject of the expenditure, each Member of the BE Inc. Member Group shall be specially allocated an amount of Company expenses for the year equal to such Member's proportional share of the amount by which the Fair Market Value of such plant exceeds the Fair Market Value of the plant if such expenditure had not been made. Fair Market Value shall be determined in accordance with the procedures of Section 8.5(b). As a result of the lack of a representative market for transactions involving nuclear-powered generating

facilities, the Members agree that it would be difficult to measure the effect on Fair Market Value of the expenditure using the definition of Fair Market Value provided in this Agreement. The Members, therefore, agree that, for purposes of this Section 6.5(d), Fair Market Value shall be determined using a discounted cash flow analysis.

(e) Within one year from completion of a modification for which each Member of the PECO Energy Member Group has been allocated expenses pursuant to Section 6.5(a), to the extent that the BE Inc. Member Group demonstrates that such modification has reduced the value of the plant that was the subject of the expenditure, each Member of the PECO Energy Member Group shall be specially allocated an amount of Company expenses for the year equal to an amount equal to such Member's proportional share of the amount by which the Fair Market Value of such plant is less than the Fair Market Value of the plant if such expenditure had not been made. Fair Market Value shall be determined in accordance with the procedures of Section 8.5(b). For the reasons provided in Section 6.5(d), the Members agree that, for purposes of this Section 6.5(e), Fair Market Value shall be determined using a discounted cash flow analysis.

(f) Notwithstanding any reference hereinabove to an expert, nothing herein shall prevent the Company from proceeding to implement the decision of the Management Committee on any purported Safety Issue in accordance with the terms of such decision.

(g) To the extent that any allocation provided for in this Section 6.5 cannot be fully made within a particular fiscal year, such amounts that cannot be allocated shall be allocated in the next succeeding fiscal year.

6.6 Confidentiality. Each Member shall, and shall cause each of its Affiliates, and each of its and their respective partners, members, managers, shareholders, directors, officers, employees and agents (collectively, "Agents") to, keep secret and retain in strictest confidence, and not use for any purpose except as contemplated by this Agreement, any and all confidential information relating to the Company which is (i) not otherwise in the public domain, (ii) not otherwise in the rightful possession of such Member (or Affiliate) from third parties having no obligation of confidentiality to a Member or the Company and (iii) not required to be disclosed by such Member, its Affiliates or Agents pursuant to Federal, state or local law, and shall not disclose such information, and shall cause its Agents not to disclose such information, to anyone except (x) such Member's Affiliates or Agents who have a need to know such information in connection with the matters contemplated by this Agreement, and (y) other Persons (such as lenders to a Member) who have a bona fide business reason for obtaining such information in connection with their dealings with such Member and who agree in writing to keep in confidence all confidential information in accordance with the terms of this Section 6.6 and such other terms as shall be acceptable to the Management Committee. BE Inc. and PECO Energy each agree that should the Business not be commenced, or should the Business be terminated, then in such event each such party shall own and be free to use the Initial Business Plan (in the form and as of the date such parties determine that the Business will not be commenced or as of the date the Business is terminated, as the case may be) and jointly developed related work, subject to the previously signed confidentiality agreements between the parties. The confidentiality obligations under this Section 6.6 shall survive the termination of this Agreement for a period of three years. The foregoing provisions of this Section 6.6 were negotiated in good faith by the parties hereto and the parties hereto agree that such provisions are reasonable and are not more restrictive than is necessary to protect the legitimate interests of the Members and

the Company. To the fullest extent permitted by law, if a Member or any of its Affiliates or Agents breaches or threatens to commit a breach of this Section 6.6, the other Members and the Company shall have the right to have this Section 6.6 specifically enforced by any court having jurisdiction, it being acknowledged and agreed that money damages will not provide an adequate remedy to such other Members or the Company. Nothing in this Section 6.6 shall be construed to limit the right of any Member or the Company to collect money damages in the event of a breach of this Section 6.6, nor to limit the right of any Member to report the financial condition and results of operations of the Company to its Members, in such manner as may be approved by the other Members (such approval not to be unreasonably withheld or delayed) or to regulatory authorities to the extent required by law or regulation.

6.7 Ownership and Use of Inventions and Trade Secrets. Should the Company invent, or improve by development, any device, process or technique that is patentable or otherwise a trade secret relevant to the Business, the Company shall own the rights created thereby, including any patent or copyright. Each Member and its Affiliate shall have the right to use any such invention, process, technique or improvement without cost or obligation to the Company or the other Member. Should a Member or its Affiliate solely invent or improve as aforesaid, such Member or Affiliate shall solely own the rights created thereby, including any patent or copyright. Such Member or Affiliate may license the use thereof to the Company, if the Company so desires, on terms mutually agreed upon by the Member or Affiliate and the Company. Without limiting the generality of the foregoing, should a Member or its Affiliate and the Company jointly so invent or improve as aforesaid, such Member or Affiliate and the Company shall each nevertheless retain joint ownership to and the right to use such invention, process, technique or improvement without cost or obligation to the other. On any dissolution of the Company or termination of this Agreement pursuant to Article 8, each of the Members shall procure the assignment to each of them of the ownership rights vested in the Company immediately prior to such dissolution or termination.

6.8 Other Business; Duties; Etc.

(a) The Members and each of their respective Affiliates may engage in or possess an interest in other business ventures, and may engage in any other activities, of every kind and description (whether or not competitive with the business of the Company or otherwise affecting the Company), independently or with others and shall owe no duty or liability to the Company, its Members or their Affiliates in connection therewith except as expressly set forth in this Agreement. None of the Company or other Members shall have any rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement. Each Member, however, agrees that should it become aware of an opportunity to acquire or develop a nuclear-powered generation plant or project in the United States (excluding Limerick Generating Station, Hope Creek Nuclear Generating Station, Salem Generating Station and Peach Bottom Atomic Power Station), it shall notify the Company as soon as practicable and provide the Company the right of first refusal to pursue and develop such opportunity.

(b) To the extent that, at law or in equity, any Affiliate of a Member or any director, officer, stockholder, employee, agent or representative of a Member or such Affiliate would have duties (including fiduciary duties) and liabilities to the Company, or to the Members different from or in addition to those provided in this Agreement, all rights of the other Members arising out of such duties and liabilities are hereby waived and no such Person shall be liable to the Company or to any Member for its good faith reliance on the provisions of this Agreement.

(c) The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of any such Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Person, and no Member shall have any duties to or liabilities to the Company or any Member (in respect of a Person's status as a Member) except as expressly set forth in this Agreement. The terms of the contractual relationship agreed to in this Agreement, and not other concepts at law or in equity, define the Members' obligations to each other and the Company.

(d) Notwithstanding any provision to the contrary in this Agreement, for purposes of this Agreement, to the fullest extent permitted by law, each Representative other than the Chief Executive Officer (provided the Chief Executive Officer is not otherwise a Representative of a Member Group) shall be deemed the agent of the Member Group which appointed such Person a Representative, and such Representative shall not be deemed an agent or a sub-agent of the Company or the other Members or Member Groups and shall have no duty (fiduciary or otherwise) to the Company or the other Members or Member Groups.

(e) None of the provisions of Section 6.8 shall in any way be construed to permit any Member to carry out fraudulent or illegal acts or to excuse such Member from any liability in connection therewith.

6.9 Member-Provided Products and Services.

(a) With regard to the development of the Initial Business Plan and start-up activities of the Company, each Member Group shall contribute human resources equitably with no reimbursement of the salary, benefits expenses or out-of-pocket expenses associated with such contributions to the provider; provided, however, that the Members shall mutually agree on the point in time and the compensation that the Company shall pay for the salary and benefits expenses of those employees of PECO Energy or British Energy or their Affiliates. External consultants/experts shall be employed by the Company as appropriate, and issues concerning their compensation shall be determined by the Management Committee at such time.

(b) With regard to the potential acquisition of a generating asset of the Company, each Member Group shall contribute human resources equitably with no reimbursement of the salary, benefits expenses or out-of-pocket expenses associated with such contributions to the provider; provided, however, that the Members shall mutually agree on the point in time and the compensation that the Company shall pay for the salary and benefits expenses of those employees of PECO Energy or British Energy or their Affiliates. External consultants/experts shall be employed by the Company as appropriate, and issues concerning their compensation shall be determined by the Management Committee at such time.

(c) In conducting its business, the Company may request that any Member (directly or through an Affiliate designated by a Member) supply any service or product or seek competitive bids to supply such service or product. If the Company seeks competitive bids, it shall permit any Member to bid (on behalf of itself or any Affiliate designated by it). The Company shall take into account, when evaluating potential providers, the goal of the Company to coordinate technical specifications, functional capabilities, and other business interests of the Company. Each of the Members shall be afforded the opportunity to match the best bid received from any such third party. Nothing in this Section shall require the Company to purchase products or services from a Member (or its Affiliates) on an exclusive basis to the extent that reasonable business judgment dictates that such products or services be obtained from a variety of sources or to the extent that such purchase would put the Company at a competitive disadvantage. Any such agreement for the provision of service or product to the Company by a Member shall be approved by the Management Committee.

6.10 Dispute Resolution.

(a) It is the intent of the Members to resolve any disagreement that would ordinarily be subject to litigation between the parties, such as those relating to the interpretation or construction of any provision of this Agreement, or alleged breach thereof (a "Dispute") amicably to the greatest extent practicable.

(b) In the case of a Dispute which the Members' Representatives are otherwise unable to resolve, upon notice at any time from any party, the Chairmen of the Members (the Chairman of British Energy in the case of BE Inc.) shall make a good faith effort to resolve the Dispute within 10 business days thereafter (or such longer period of time as they may agree). For the purpose of this Section 6.10(b) only, a Dispute shall include a disagreement under Section 6.5 or Section 6.11.

(c) Subject to the foregoing, each Party hereby acknowledges that any Dispute shall, except as provided in Section 6.5 and 6.11, be settled exclusively by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), to the fullest extent such Rules are permitted by, and to the extent not inconsistent with, applicable law (including, without limitation, the Atomic Energy Act and Delaware law) and the rules set forth below, which shall be controlling to the extent they differ from such rules of the AAA. The arbitration shall be in Wilmington, Delaware. The Dispute shall be heard by a single arbitrator mutually agreed upon and appointed by the Parties, or the AAA in the event that the Parties are unable to agree on such appointment within [one] month of the filing of such Dispute with the AAA. The arbitrator shall have experience in the subject matter involved in the Dispute. The arbitrator shall not have any material past or present family, business or other relationship with any party, Affiliate, director or officer thereof, or any "associate" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended) of any such party, Affiliate, director or officer. The decision rendered by the arbitrator may be entered in any court having jurisdiction thereof.

6.11 Investments by One Member. If the Members are unable to agree on making a particular investment relating to a Company asset or facility, and such investment is a material capital expenditure and is not a Safety Issue, then, upon prior approval of the Management Committee, one Member may make such investment, provided that the Management Committee agrees on the terms of such investment, including the form of and formula for compensating such Member for such investment, and indemnification of the Company for any damages arising out of such investment. Any disagreement among the Representatives of the Management Committee relating to

the making of or terms of such investment shall be subject to the provisions of Section 6.10(b), but not Section 6.10(c).

ARTICLE 7

TRANSFER OR ENCUMBRANCE OF INTEREST

7.1 Restriction on Transfer or Encumbrance. No Interest may be assigned, sold, transferred or otherwise disposed of, whether voluntarily or involuntarily, (any such transaction being referred to in this Article 7 as a "transfer"), or pledged, hypothecated or otherwise encumbered, whether voluntarily or involuntarily, in whole or in part except in accordance with the terms of this Article 7 or as otherwise specifically provided in this Agreement, but in all events in accordance with Article IV and subject to the receipt of all regulatory approvals and consents.

7.2 Transfer of Member's Interest to a Subsidiary. A Member may transfer all or any part of its Interest to any Person that is a Wholly Owned Subsidiary of a Member or of a Person of which such Member is also a Wholly Owned Subsidiary (any Person to which a transfer is permitted under this Section 7.2 being referred to herein as a "Section 7.2 Transferee"); provided that prior to any such transfer, the transferring Member shall deliver to the other Member a notice setting forth the identity of the transferee and stating that such transferee complies with the condition above, and shall provide such other information as the other Member may reasonably request in connection therewith. A merger of a Member into, or a consolidation with, a Wholly Owned Subsidiary of the same Member or of a Person of which such Member is also a Wholly Owned Subsidiary shall be governed by this Section 7.2. Subject to approval in writing by the non-transferring Member (which approval shall not unreasonably be withheld or delayed), a Section 7.2 Transferee shall be admitted as a Member at the time such Person executes this Agreement or a counterpart to this Agreement, which evidences such Person's agreement to be bound by the terms and conditions of this Agreement. The transferring Member shall promptly deliver this Agreement or such counterpart as so executed to the other Members. The transferring Member and the Section 7.2 Transferee shall also execute such other documents as the other Members shall reasonably request. A merger with or into or consolidation with or into, or sale, or other disposition of all or substantially all of the assets of PECO Energy, British Energy, or similar transaction(s) having the same effect shall not be a transfer of such Member's Interest under Article 7 of this Agreement.

7.3 Other Transfers; Right of First Refusal. A Member Group may transfer all (but not less than all) of its Members' Interests to any Person other than a Section 7.2 Transferee, but only subject to and to the extent permitted by the terms of this Section 7.3.

(a) Offer and Right to Sell. Commencing 24 months after the Effective Date, a Member Group (the "Selling Group") shall have the right to sell all (but not less than all) of its Members' Interests (the "Offered Interest") pursuant to an offer (the "Offer") by a bona fide third party (the "Offeror") in which the consideration to be paid is all cash, deferred or otherwise; provided that the Selling Group first gives the other Member Group a right of first refusal to purchase the Offered Interest as set forth herein.

(b) Notice. The Selling Group shall give written notice of any Offer (the "Offer Notice") to the other Member Group, which notice shall identify the Offeror, enclose a complete and correct copy of the Offer and irrevocably offer to the other Member Group the right to purchase the Offered Interest at the same price and on the same terms and conditions as specified in the Offer.

(c) Election to Purchase. Within 30 days following receipt of the Offer Notice, the non-selling Member Group shall have the right to elect to purchase, at the same price and on the same terms and conditions specified in the Offer, the Offered Interest. Such election shall be made by delivery of a written notice to the Selling Group.

(d) Timing; Assignment of Rights. In the event that the Member Group (the "Purchasing Group") duly elects to purchase the Offered Interest, the closing (the "Closing") of such purchase shall take place on a date agreed to by the Selling Group and the Purchasing Group, but in no event later than 30 days after obtaining the required regulatory approvals. If such governmental or regulatory approval has been denied or has not been obtained within 180 days of exercise by the Purchasing Group of its election to purchase in accordance with subsection (c) above, unless the Selling Group agrees to extend such time period, the Purchasing Group shall have the right to assign its right to purchase hereunder to any third party, and the Closing shall then be held at such time as may be mutually agreed but in no event later than 180 days from the date of such assignment.

(e) Representations at Closing. At a Closing pursuant to this Section 7.3, the Selling Group shall represent and warrant in writing to the Purchasing Group that (i) the Selling Group is the sole beneficial and record owner of the Offered Interest and has good and marketable title thereto free and clear of all Liens (other than restrictions imposed pursuant to this Agreement and applicable Federal and state securities laws) and (ii) the Selling Group has the full power and authority to sell such Interest without conflict with the terms of any agreement, law, order or instrument binding upon it; and the Selling Group shall deliver such customary instruments of assignment with respect to such Interest as reasonably requested by the Purchasing Group.

(f) Sale to Third Party.

(i) If the non-selling Member Group fails to exercise its right to purchase all of the Offered Interest (or fails to consummate such purchase) within the applicable time periods specified above in this Section 7.3, the Selling Group may accept the Offer and sell the Offered Interest to the Offeror; provided that such sale shall be at the same price and on the same terms and conditions as specified in the Offer Notice; and provided further that such sale shall have been approved pursuant to the requirements of Section 7.3(g). If the sale by the Selling Group to the Offeror is not consummated within 30 days after obtaining the required regulatory approvals, such right to sell shall lapse and the Selling Group shall not thereafter transfer its Interest except in accordance with the provisions of this Section 7.3.

(ii) At the closing of any sale of an Interest to a third party pursuant to this Section 7.3, such third party shall execute this Agreement or a counterpart to this Agreement and shall be bound by the provisions of and assume the obligations of the Selling Group under this Agreement. The Selling Group shall not be relieved of any of its obligations under this Agreement arising prior to such sale, to the extent such obligations shall not be discharged by the third party, but the Selling Group shall be relieved of any obligations under this Agreement arising subsequent to such sale. The Selling Group and the third party shall execute such documents as the non-

selling Member Group shall reasonably request to evidence such assumption and continuing obligations. Any sale to a third party pursuant to this Section 7.3 may be structured as two or more transfers of part of the Interest being sold, which taken together effectuate a transfer of the entire Interest, all of which shall be consummated within 15 months from the date of closing of the first of such transfers.

(g) Substituted Members. Any transfer pursuant to or described in this Section 7.3 must be approved in writing the non-selling Member (which approval may be withheld in such Member's sole discretion) prior to any such transfer, and no such transferee shall become a Member without such approval.

7.4 Tag-Along Right. In lieu of exercising its rights under Section 7.3, a Member Group may, within 30 days following receipt of the Offer Notice, elect to participate in such sale by including therein its Interests in the Company provided, however, that in the event the Offer Notice does not contain an offer to purchase the Interests of all the Member Groups, the total consideration set forth in the Offer Notice shall be applied pro rata to the Interests of the Member Groups and each such Member Group shall transfer to such Offeror such pro rata share. Each such sale, if any, shall be made on the same terms and conditions as the sale described in the Offer Notice (except that if other assets in addition to Interests are being transferred by the Selling Group or its Affiliates in such transaction or group of related transactions, the consideration payable to the other Member Group shall be the Fair Market Value of its Interests to be transferred) and the Selling Group may not consummate its sale unless such sale, if any, by the other Member Group is consummated simultaneously in accordance with the terms hereof.

7.5 Other Transfers. A transfer of a majority of the capital stock or other equity interests in the Person that owns Interests or in a Person that directly or indirectly owns a majority of the capital stock or other equity interests in the Person that owns the Interests shall be deemed to be a transfer of the Interests, subject to the provisions of Sections 7.1 and 7.3 hereof. The Person making the transfer shall be deemed to be the Selling Group as referred to in Section 7.3(a) and the capital stock or equity interests proposed to be transferred shall be deemed to be the Offered Interest; however, the provisions of Section 7.3(f)(ii) and Section 7.3(g) shall not be applicable.

7.6 Invalid Transfers Void. Any purported transfer of an Interest or any part thereof not in compliance with the foregoing provisions of this Article 7 shall be void and of no force or effect and the transferring Member shall be liable to the other Member and the Company for all liabilities, obligations, damages, losses, costs and expenses (including but not limited to reasonable attorneys' fees and court costs) arising out of such noncomplying transfer.

7.7 Other Encumbrances on a Member's Interest. Notwithstanding anything to the contrary in this Agreement or the Act, a Member may not pledge, hypothecate or otherwise encumber all or any portion of its Interest, without the consent of the other Member. A pledge, hypothecation or other encumbrance of all of a Member's Interest shall not cause such Member to cease to be a member of the Company.

ARTICLE 8

DISSOLUTION AND TERMINATION

8.1 No Termination. Except as expressly provided in this Agreement or as otherwise provided by law, no Member shall have the right, and each Member hereby agrees not, to dissolve, terminate or liquidate the Company, or to resign or withdraw as a Member.

8.2 Events of Dissolution. The Company shall be dissolved upon the first to occur of the following:

(a) the agreement in writing of all of the Members to dissolve the Company, but only on the effective date of dissolution specified by such Members in such agreement;

(b) the death, insanity, retirement, expulsion, Bankruptcy or dissolution of a Member, or the occurrence of any other event which terminates the continued membership of a Member as a matter of law, unless within 30 days after notification to the other Member of the occurrence of any such event, the remaining Member agrees in writing to continue the business of the Company, in which event, such remaining Member shall, at its option, purchase for cash in accordance with Section 8.5 the interest of the non-remaining Member no later than 60 days after such remaining Member agrees in writing to continue the business of the Company;

(c) the election of the Members within 90 days after the sale, exchange, condemnation or involuntary transfer of all or substantially all of the assets of the Company; provided that this Section 8.2(c) shall not apply if part of the consideration received by the Company in connection with any such event includes deferred payment obligations and the Members determine that it is in the best interests of the Members to keep the Company in existence for the sole purpose of collecting amounts payable under such obligations and distributing such amounts in accordance with the terms of this Agreement, upon the satisfaction of which obligations the Company shall dissolve; or

(d) any other event requiring the dissolution of the Company pursuant to this Agreement or the Act.

8.3 Procedures Upon Dissolution.

(a) General. In the event the Company dissolves it shall commence winding up pursuant to the appropriate provisions of the Act and the procedures set forth in this Section 8.3. Notwithstanding the dissolution of the Company, prior to the filing of the certificate of cancellation of the certificate of formation of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

(b) Control of Winding Up. The winding up of the Company shall be conducted under the direction of the Management Committee or such other Person as may be designated by a court of competent jurisdiction (herein sometimes referred to as the "Liquidator"), provided that any Member whose breach of this Agreement shall have caused the dissolution of the Company (and the Representatives appointed by such Member) shall not participate in the control of the winding up of the Company; and

provided further, that if the dissolution is caused by entry of a decree of judicial dissolution, the winding up shall be carried out in accordance with such decree.

(c) Manner of Winding Up. The Company shall engage in no further business following dissolution other than that necessary for the orderly winding up of business and distribution of assets. The Company's maintenance of offices shall not be deemed a continuation of business for purposes of this Section 8.3. Upon dissolution of the Company, the Liquidator shall, subject to Section 8.3(a), sell the Company or all the Company property in such manner and on such terms as it deems fit, consistent with its fiduciary responsibility and having due regard to the activity and condition of the relevant market and general financial and economic conditions. Each Member shall share Profits, Losses and other items after the dissolution of the Company and during the period of winding up in the same manner as described in Article 3.

(d) Application of Assets. Upon dissolution of the Company, the Company's assets (which shall, after the sale or sales referenced in Section 8.3(c), consist of the proceeds thereof) shall be applied as follows:

(i) Creditors. To creditors, including Members and Representatives who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company (whether by payment or the reasonable provision for the payment thereof). Any reserves set up by the Liquidator may be paid over by the Liquidator to an escrow agent or trustee, to be held in escrow or trust for the purpose of paying any such liabilities or obligations, and, at the expiration of such period as the Liquidator may deem advisable, such reserves shall be distributed to the Members or their assigns in the manner set forth in Section 8.3(d)(ii).

(ii) Members. Second, to the Members, ratably based on the excess of the positive balance in each Member's Capital Account over any amount due by such Member on the Deferred Amount after all allocations of Profits or Losses and other items pursuant to Article 3.

8.4 Termination. Upon completion of the winding up of the Company and the distribution of all Company assets, the Company's affairs shall terminate and the Members shall cause to be executed and filed any and all documents required by the Act to effect the termination of the Company.

8.5 Purchase of Non-Remaining Member's Interest. In the event the remaining Member agrees in writing to continue the business of the Company after the occurrence of an event that terminated the continued membership of a Member under Section 8.2(b), then the remaining Member shall, at its option, purchase the Interest of the non-remaining Member at the lesser of (x) the Book Value or (y) the Fair Market Value determined pursuant to Section 8.5(b), as of the date of the termination event under Section 8.2(b).

(b) For purposes of Section 8.5, the Fair Market Value of Interests to be transferred shall be determined as set forth below.

(i) Within ten days after the delivery of notice by a Member to elect to continue the business under Section 8.5(a), the Members shall attempt in good faith to agree on the Fair Market Value, and if the parties fail within ten days thereafter to agree thereon, they shall promptly subject such matter to the procedure described below

(the "Appraisal Procedure") and the determination of such appraised Fair Market Value shall be conclusive and binding upon the parties.

(ii) Each party shall deliver a notice to the other appointing as its appraiser ("Appraiser") an independent accounting or investment banking firm of nationally recognized standing, within 15 days after either party invokes the Appraisal Procedure. If within 30 days after appointment of the two Appraisers they are unable to agree upon the amount in question, an independent accounting or investment banking firm of nationally recognized standing shall be chosen to serve as a third Appraiser within 10 days thereafter by the mutual consent of such first two Appraisers or, if such first two Appraisers fail to agree upon the appointment of a third Appraiser (or if either party fails to appoint an Appraiser) within the time allotted pursuant to this paragraph, such appointment shall be made by the American Arbitration Association, or any organization successor thereto, from a panel of arbitrators having experience in the appraisal of the type of property then the subject of appraisal. The decision of the third Appraiser so appointed and chosen shall be given within 30 days after the selection of such third Appraiser. If three Appraisers shall be appointed and the determination of one Appraiser is disparate from the middle determination by more than twice the amount by which the other determination is disparate from the middle determination, then the determination of such Appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be binding and conclusive on the Members; otherwise the average of all three determinations shall be binding and conclusive. The costs of conducting any Appraisal Procedure shall be borne as follows: (w) the costs of the Appraiser designated by the continuing Member shall be borne by the continuing Member; (x) the costs of the Appraiser designated by the other Member shall be by it; (y) other costs separately incurred shall be borne separately by the Member which incurred such costs; and (z) the costs of the third Appraiser, if any, shall be borne equally among the Members.

8.6 No Third Party Beneficiaries. The provisions of this Article 8 are intended solely to benefit the Members and, to the fullest extent permitted by applicable law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor shall be a third-party beneficiary of this Agreement), and no Member shall have any duty or obligation to any creditor of the Company to make any capital contributions to the Company and no Representative, Member or Management Committee shall have any duty or obligation to any creditor of the Company to issue any call for capital pursuant to this Article 8.

ARTICLE 9

LIABILITY AND INDEMNIFICATION

9.1 No Personal Liability.

(a) Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Indemnified Person (as defined in paragraph (b) below) shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being an Indemnified Person.

(b) Except as otherwise provided in this Agreement, no Representative or Member or its Affiliates, or any of their respective shareholders, directors, officers, employees, agents, members, managers or partners, or any officer of the Company or other Persons designated by the Management Committee to act on

behalf of the Company (each, an "Indemnified Person"), shall be liable, responsible or accountable in damages or otherwise to the Company or to any other Indemnified Person for any act or omission performed or omitted by an Indemnified Person (in its capacity as such), whether for mistake of judgment or negligence or other action or inaction, unless such action or omission constitutes willful misconduct, gross negligence or bad faith. Each Indemnified Person may consult with counsel, accountants and other experts in respect of the affairs of the Company and such Indemnified Person shall be fully protected and justified in any action or inaction which is taken in good faith in accordance with the advice or opinion of such counsel, accountants or other experts, provided that they shall have been selected with reasonable care.

9.2 Indemnification by Company. Except as otherwise provided in this Agreement, to the maximum extent permitted by applicable law, the Company shall protect, indemnify, defend and hold harmless each Indemnified Person for any acts or omissions performed or omitted by an Indemnified Person (in its capacity as such) unless such action or omission constituted willful misconduct, gross negligence or bad faith. The indemnification authorized under this Section 9.2 shall include payment on demand of reasonable attorneys' fees and other expenses incurred in connection with, or in settlement of, any legal proceedings (whether between the Indemnified Person and a third party or between the Indemnified Person and another Indemnified Person or the Company), and the removal of any Liens affecting any property of the Indemnified Person. Such indemnification rights shall be in addition to any and all rights, remedies and recourse to which any Indemnified Person shall be entitled, whether or not pursuant to the provisions of this Agreement, at law or in equity. The indemnities provided for in this Section 9.2 shall be recoverable only from the assets of the Company, and there shall be no recourse to any Member or other Person for the payment of such indemnities.

9.3 Notice and Defense of Claims.

(a) Notice of Claim. If any action, claim or proceeding ("Claim") shall be brought or asserted against any Indemnified Person in respect of which indemnity may be sought under Section 9.2 from the Company, the Indemnified Person shall give prompt written notice of such Claim to the Company which may assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Person and the payment of all of such counsel's fees and expenses; provided that any delay or failure to so notify the Company shall relieve the Company of its obligations hereunder only to the extent, if at all, that it is prejudiced by reason of such delay or failure. Any such notice shall (i) describe in reasonable detail the facts and circumstances with respect to the Claim being asserted and (ii) refer to Section 9.2.

(b) Defense by the Company. In the event that the Company undertakes the defense of the Claim, the Company will keep the Indemnified Person advised as to all material developments in connection with any Claim, including, but not limited to, promptly furnishing to the Indemnified Person copies of all material documents filed or served in connection therewith. The Indemnified Person shall have the right to employ one separate counsel per jurisdiction in any of the foregoing Claims and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Person unless both the Indemnified Person and the Company are named as parties and representation by the same counsel is inappropriate due to actual differing interests between them; provided that under no circumstances shall the Company be liable for the fees and expenses of more than one counsel per jurisdiction in any of the foregoing Claims for the Indemnified Person together with its

Affiliates, and their respective officers, directors, employees, agents, successors and assigns, taken collectively and not separately. The Company may, without the Indemnified Person's consent, settle or compromise any Claim or consent to the entry of any judgment if such settlement, compromise or judgment involves only the payment of money damages by such Company or provides for unconditional release by the claimant or the plaintiff of the Indemnified Person from all liability in respect of such Claim.

(c) Defense by the Indemnified Person. In the event that the Company, within 20 business days after receiving written notice of any such Claim, fails to assume the defense thereof, the Indemnified Person shall have the right to undertake the defense, compromise or settlement of such Claim for the account of the Company.

9.4 Directors' and Officers' Insurance. The Company shall provide appropriate directors and officers' insurance to the extent such insurance is available to the Company on commercially reasonable terms.

9.5 Limitation of Liability. Notwithstanding anything in this Agreement to the contrary, no Member shall be directly liable to the other Member or the Company for special, consequential or indirect damages, including loss of profits or revenue, loss of use of power system, interest charges or cost of capital, cost of purchased or replacement power, fuel cost differential, whether based on contract, warranty, tort liability (including negligence), indemnity, strict liability or otherwise; provided that nothing in this Section 9.5 shall restrict the liability to pay damages awarded to third parties.

ARTICLE 10

REGULATORY APPROVALS

10.1 General. Each of the Members and the Company shall promptly make the necessary filings and obtain the appropriate approvals from applicable Governmental Authorities and cooperate fully with each other in order for the Company to conduct its Business as contemplated by this Agreement and the Initial Business Plan.

10.2 Re-examination Upon Changes to the Atomic Energy Act. This Agreement is prepared to assure compliance with the Atomic Energy Act of 1954, as amended (42 U.S.C §2133), including section 103 thereof. To the extent that such provision, such Act, or the application thereof materially changes, the parties will in good faith re-examine and re-negotiate the applicable provisions of this Agreement to take advantage of such changes on terms that are mutually acceptable to the parties.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Disclaimer of Agency. This Agreement does not create any relationship beyond the scope set forth herein, and except as otherwise expressly provided herein, this Agreement shall not constitute any Member the legal representative or agent of any other, nor (except as otherwise expressly provided herein) shall any Member have the right or authority to assume, create or incur any liability or obligation, express or implied, against, in the name of or on behalf of any other Member or the Company.

11.2 Amendment. Any amendment to this Agreement must be in writing and approved by all the Members.

11.3 Notices. All notices and other communications hereunder shall be validly given or made if in writing, when delivered personally (by courier service or otherwise), when delivered by telecopy (with proof of transmission), or when actually received when mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested, in each case to the address or facsimile number of the party to receive such notice or other communication set forth below, or at such other address or facsimile number as any party hereto may from time to time advise the other parties pursuant to this Section:

If to a Member or Representative of the PECO Energy Member Group, to such Member or Representative:

c/o PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101-8699
Attn: Dickinson M. Smith
President
PECO Nuclear
Facsimile: (610) 640-6611

with a copy to:

c/o PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101
Attn: James W. Durham, Esq.
Senior Vice President and General Counsel
Facsimile: (215) 568-3389

If to a Member or Representative of the BE Inc. Member Group, to such Member or Representative:

c/o British Energy Inc.
c/o The Corporation Trust Company
1209 Orange Street
Wilmington, DE 19801
Facsimile: (302) 655-5049

with a copy to:

c/o British Energy plc
10 Lochside Place
Edinburgh EH12 9DF
Attn: Dr. Jean MacDonald
Head of Legal Services
Facsimile: 0131 527 2277

If to the Company:

c/o AmerGen Energy Company, LLC
965 Chesterbrook Blvd.
62A-3
Wayne, PA 19087

with a copy to:

c/o PECO Energy Company
2301 Market Street S23-1
Philadelphia, PA 19101
Attn: Edward J. Cullen, Jr.
Facsimile: (215) 568-3389

All legal process with regard hereto shall be validly served when served in accordance with applicable law.

11.4 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto, embodies the entire agreement and understanding between the parties relating to the subject matter here of and supersede all prior agreements and understandings relating to such subject matter, whether oral or written.

11.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but which together shall constitute one instrument.

11.6 Governing Law. This Agreement and all disputes hereunder shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to principles of conflicts of laws.

11.7 Successors and Assigns; No Third Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties and their respective successors and assigns, provided that neither the rights nor the obligations of any party may be assigned or delegated without the prior written consent of the other parties, except to the extent otherwise expressly provided in this Agreement. This Agreement is entered into solely for the benefit of the parties hereto and (to the extent provided in Article 9) the Indemnified Persons and no Person other than those referred to in the preceding sentence and the Indemnified Persons shall be entitled to exercise any right or enforce any obligation hereunder.

11.8 Severability. If any term of this Agreement or the application thereof to any party or any circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such term to the other parties or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by applicable law, so long as the economic and legal substance of the Agreement and the transactions contemplated hereby is not affected in any manner adverse to any party.

11.9 Survival of Rights and Duties. Termination of this Agreement for any cause shall not release any Member from any liability which at the time of termination has already accrued to any other Member or which thereafter may accrue in respect of any act or omission prior to such termination, nor shall any such termination hereof affect

in any way the survival of any right, duty or obligation of any Member which is expressly stated elsewhere in this Agreement to survive termination hereof.

11.10 No Right to Partition. No Member shall have the right to bring an action for partition against the Company. Each of the Members hereby irrevocably waives any and all rights which it may have to maintain an action to partition Company property or to compel any sale or transfer thereof.

11.11 Specific Performance. The Members acknowledge that money damages may not be an adequate remedy for violations of this Agreement and that any Member may, in its sole discretion, through arbitration if applicable or in a court of competent jurisdiction, apply for specific performance or injunctive or other relief as such arbitrator or court may deem just and proper in order to enforce this Agreement or to prevent violation hereof and, to the extent permitted by applicable law, each Member waives any objection to the imposition of such relief.

11.12 Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such other right, power or remedy or to demand such compliance.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

PECO ENERGY COMPANY

By: _____
Name: Corbin A. McNeill, Jr.
Title: Chairman, President and
Chief Executive Officer

BRITISH ENERGY PLC

By: _____
Name: John Robb
Title: Chairman

BRITISH ENERGY INC.

By: _____
Name: Robin Jeffrey
Title: President