10 CFR § 50.80, 50.92

AmerGen
A PECO Energy/British Energy Company

GPU NUCLEAR

NRC LICENSE TRANSFER APPLICATION

November 5, 1999

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submitted by

AmerGen Energy Company, LLC

&

GPU Nuclear, Inc.

Oyster Creek Nuclear Generating Station
NRC Facility Operating License No. DPR-16 (Docket No. 50-219)

UNITED STATES OF AMERICA

BEFORE THE
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
Jersey Central Power & Light,	)	
GPU Nuclear, Inc.	)	
and	)	Docket No. 50-219
AmerGen Energy Company, LLC	)	
(Oyster Creek Nuclear Generating Station)	)	

APPLICATION FOR ORDER AND CONFORMING ADMINISTRATIVE AMENDMENTS FOR LICENSE TRANSFER (NRC FACILITY OPERATING LICENSE NO. DPR-16)

APPLICATION FOR ORDER AND CONFORMING ADMINISTRATIVE AMENDMENTS FOR LICENSE TRANSFER (NRC FACILITY OPERATING LICENSE NO. DPR-16)

TABLE OF CONTENTS

LIST OF ENCLOSURES

ADDENDUM

The following proprietary enclosures are bound separately in an Addendum to this Application:

Enclosure 3A	Oyster Creek Purchase and Sale Agreement By and Among GPU Nuclear, Inc. and Jersey Central Power & Light Company, as Sellers, and AmerGen Energy Company, LLC, as Buyer, dated October 15, 1999 (Proprietary Version)
Enclosure 5A	Projected Income Statement and Balance Sheet of AmerGen's Anticipated Assets, Liabilities and Capital Structure at Closing (Proprietary Version)

REFERENCES

The following documents are incorporated by reference into this Application:

1 AmerGen's Certificate of Formation and the AmerGen LLC Agreement (previously provided as Exhibit 1 to Appendix A of AmerGen and GPUN's Application for Approval of the TMI-1 License Transfer, dated December 3, 1998, in Docket No. 50-289 (TMI-1 Application)).

2 Annual Reports For PECO Energy (1995, 1996 & 1997); Annual Reports of British Energy, plc. (1996/97 & 1997/98); Prospectus for British Energy plc. (1996) (previously provided as Exhibit 2 to Appendix A to the TMI-1 Application).

3 1998 Annual Report of PECO Energy and 1998/1999 Annual Report of British Energy (Previously provided as Enclosure 4 to AmerGen and Illinois Power's Application for Approval of the CPS License Transfer, dated July 23, 1999, in Docket No. 50-461 (CPS Application)).

4 Letter Agreements of PECO Energy and British Energy to Provide Funding to AmerGen with Respect to TMI-1, dated December 3, 1998 and November 5, 1998, respectively (previously provided as Exhibit 8 to Appendix A to the TMI-1 Application).

5 Supplemental Agreements of PECO Energy and British Energy to Provide Funding to AmerGen dated July 22, 1999 and July 22, 1999, respectively (previously provided as Enclosures 8 and 9 to the CPS Application).

I. INTRODUCTION

This application requests the consent of the Nuclear Regulatory Commission (NRC) to the transfer of the NRC operating license for the Oyster Creek Nuclear Generating Station (Oyster Creek)[1/] to AmerGen Energy Company, LLC (AmerGen). Jersey Central Power & Light Company (JCP&L) owns 100% of Oyster Creek; GPU Nuclear, Inc. (GPUN) is its licensed operator. The parties request that the NRC issue an order consenting to the transfer of both the Facility Operating License No. DPR-16 for Oyster Creek and JCP&L's 100% ownership interest in Oyster Creek, to AmerGen, such that AmerGen will become the sole licensed owner and operator of Oyster Creek.

NRC is being asked to consent to this transfer and authorize AmerGen to possess, use, and operate Oyster Creek under essentially the same conditions and authorizations included in the existing NRC license for JCP&L and GPUN for this plant. No physical changes will be made to Oyster Creek as a result of this transfer, and there will be no significant change in the day-to-day operations of the plant.[2/] NRC is also asked to approve certain conforming administrative amendments to the Oyster Creek license to reflect the proposed transfer. A mark-up of the Oyster Creek License and Technical Specifications showing the conforming

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1/ Oyster Creek is a 619 MWe (net) nuclear power plant consisting of a General Electric (GE) Boiling Water Reactor (BWR), a GE steam turbine, and other associated equipment. The plant is located in Lacey Township, Ocean County, New Jersey, approximately sixty miles south of Newark and fifty miles east of Philadelphia. NRC Facility Operating License No. DPR-16 for Oyster Creek was issued on April 9, 1969 and will expire on April 9, 2009.

2/ Representations and statements concerning AmerGen, its Members, or British Energy, and as to matters occurring on or after the Closing Date in this Application, including enclosures, addenda and references, are solely those of AmerGen.

amendments is presented in Enclosure 1. A Safety Determination of the conforming amendments to assure that they do no more than reflect the proposed transfer is provided in Enclosure 2.

II. STATEMENT OF PURPOSE OF THE TRANSFER AND NATURE OF THE TRANSACTION MAKING THE TRANSFER NECESSARY OR DESIRABLE

In connection with the ongoing restructuring of the electric utility industry throughout the United States and in the State of New Jersey in particular, GPU, Inc. (GPU), the holding company parent of JCP&L and GPUN, has decided to substantially withdraw from the energy generation business within JCP&L's service territory, and to divest JCP&L's generation including its operating nuclear plants. Sale of Oyster Creek to AmerGen will complete GPU's divestiture of its operating nuclear generating plants; GPU is in the process of selling its other operating nuclear generating asset—Three Mile Island Unit 1—to AmerGen.

On October 15, 1999, GPUN, JCP&L, and AmerGen executed the Oyster Creek Purchase and Sale Agreement (Oyster Creek Agreement). Under this Agreement, JCP&L and GPUN will transfer their respective ownership and operating interests in Oyster Creek to AmerGen.[3/] The Oyster Creek Agreement incorporates numerous schedules and exhibits totaling hundreds of pages that are not being provided with this application; copies of this

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3/ The Oyster Creek Agreement is included as Enclosure 3A, which is separately bound in a proprietary Addendum to this Application. AmerGen requests that Enclosure 3A be withheld from public disclosure pursuant to 10 CFR § 9.17(a)(4) and the policy reflected in 10 CFR § 2.790, since it contains confidential commercial or financial information, as described in the 10 CFR § 2.790 Affidavit of Gerald R. Rainey (2.790 Affidavit) provided as Enclosure 12. A redacted version of the Oyster Creek Agreement, suitable for public disclosure, is provided as Enclosure 3.

information can be made available upon request. The parties executed, or will execute, certain "ancillary agreements" as defined in or otherwise referenced in the Oyster Creek Agreement, including an Interconnection Agreement and a Power Purchase Agreement.

In accordance with the Oyster Creek Agreement, the closing of the transaction will take place on the Closing Date, as defined in the Oyster Creek Agreement, once all conditions precedent are satisfied and all required regulatory approvals are obtained. On and after the Closing Date, the following events will occur pursuant to the Oyster Creek Agreement, the Interconnection Agreement and the Power Purchase Agreement:

(a) AmerGen will assume JCP&L's right, title, and interest in and to Oyster Creek, except as specified in the Oyster Creek Agreement—including buildings, machinery, equipment, spare parts, fixtures, inventory, documents, records, assignable contracts, new, used and spent nuclear fuel, other NRC licensed materials at Oyster Creek, and other property necessary for its operation and maintenance—and assume GPUN's responsibility for the operation, maintenance, and eventual decommissioning of the plant;

(b) AmerGen will offer employment to the bulk of the GPUN personnel working at Oyster Creek, will assume the existing Collective Bargaining Agreement for the transferred union employees, and will have the opportunity to offer employment to selected GPUN corporate support staff located at its Parsippany, New Jersey offices;

(c) AmerGen has entered into an Interconnection Agreement with JCP&L, will obtain transmission services through PJM Interconnection, LLM, and will have contracted for back-up power to the site consistent with NRC requirements;

(d) JCP&L will purchase 100% of Oyster Creek's capacity and energy from AmerGen from the Closing Date until March 31, 2003;

(e) JCP&L will have made or will make additional cash deposits to the Oyster Creek decommissioning trust funds such that the fair market value after transfer will be $430 million, subject to certain adjustments, e.g., if the closing date is other than March 31, 2000. In any event, AmerGen will assure that the fair market value of the funds, net of taxes and expenses, will be no less than $400 million, which substantially exceeds the NRC's minimum requirements for decommissioning funding; and

(f) JCP&L will fund the upcoming Oyster Creek refueling outage (Fall 2000) including the cost of re-load fuel, and AmerGen will reimburse JCP&L for these costs—subject to a cap—in nine equal annual installments starting on the first anniversary of the Closing.

The assets that JCP&L will sell and transfer to AmerGen do not include the land on the opposite side of the intake and discharge canal (the Forked River property running west to the

Garden State Parkway) that JCP&L has previously agreed to sell to Sithe Energies. However, JCP&L intends to transfer its interests to the meteorological tower, firing range, emergency fire pond, simulator, and other buildings and improvements (except for the transmission facilities, switchyard, and combustion turbines discussed later in this application) located on the Forked River Property and used to support Oyster Creek operations. Further, AmerGen and the NRC will have all necessary access to these facilities through easements appurtenant to the Oyster Creek Station.

III. GENERAL CORPORATE INFORMATION REGARDING AMERGEN

A. Name of Proposed New Licensee

AmerGen Energy Company, LLC.

B. Address

AmerGen's corporate headquarters is located at 965 Chesterbrook Blvd., Wayne, Pennsylvania 19087.

C. Description of Business or Occupation

AmerGen is a limited liability company formed to acquire and operate nuclear power plants in the United States. The NRC recently consented to the transfer of ownership and operating responsibility for Three Mile Island, Unit 1 (TMI-1) to AmerGen. *See GPU Nuclear, Inc.*, (Three Mile Island, Unit No. 1), Order Approving Transfer of License And Conforming Amendment, 64 FR 19202 (April 19, 1999) (TMI-1 Order). 4/

4/ AmerGen also has two other Requests for License Transfer before the NRC: Docket (continued...)

AmerGen's principal offices are located in Wayne, Pennsylvania. AmerGen is organized under the laws of the State of Delaware pursuant to the Limited Liability Company Agreement of AmerGen dated as of August 18, 1997, as amended (LLC Agreement), among PECO Energy Company (PECO Energy), a Pennsylvania corporation, British Energy plc (British Energy), a Scottish corporation, and British Energy Inc. (BE Inc.), a Delaware corporation which is a wholly-owned subsidiary of British Energy. British Energy is a party to the LLC Agreement, but only PECO Energy and BE Inc. are Members of AmerGen; each holds a 50% ownership interest in AmerGen. Copies of the Certificate of Formation of AmerGen and the AmerGen LLC Agreement, as amended, have previously been provided to NRC (*see* Reference 1) and are incorporated herein by reference. Copies of the 1995, 1996, 1997 and 1998 Annual Reports of PECO Energy and 1996 Prospectus and 1996/97, 1997/98 and 1998/99 Annual Reports of British Energy have previously been provided to the NRC (*see* References 2 and 3) and are incorporated herein by reference.

D. Organization and Management

1. State of Establishment and Place of Business

AmerGen is a limited liability company established in the State of Delaware. AmerGen's principal place of business is in the Commonwealth of Pennsylvania.

4/(...continued)
No. 50-461, Clinton Power Station, Facility Operating License No. DPR-16, filed July 23, 1999; and Docket Nos. 50-220 & 50-410, Nine Mile Point Units 1 and 2, Facility Operating License Nos. DPR-63 & NPF-69, filed September 10, 1999.

2. Management Committee

The business and affairs of AmerGen are managed by or under the direction of a Management Committee, currently consisting of six Representatives, three of whom are U.S. citizens, who are appointed by, and serve at the discretion of, the PECO Energy Member Group, and three of whom are appointed by, and serve at the discretion of, the BE Inc. Member Group. The names, addresses and citizenship of the Management Committee Representatives are as follows:

	Name	Address	Citizenship
PECO Energy Member Group	Michael J. Egan	2301 Market Street Philadelphia, PA 19101	U.S.
	Gerald R. Rainey	965 Chesterbrook Blvd. Wayne, PA 19087	U.S.
	Drew B. Fetters	965 Chesterbrook Blvd. Wayne, PA 19087	U.S.
BE Inc. Member Group	Dr. Robin Jeffrey, FEng	Suite 1000 69 Yonge Street Toronto, Ontario M5E 1K3 Canada	U.K.
	Duncan Hawthorne	965 Chesterbrook Blvd. Wayne, PA 19087	U.K.
	David Gilchrist	Suite 1000 69 Yonge Street Toronto, Ontario M5E 1K3 Canada	U.K.

In addition to the six voting Representatives, Dickinson M. Smith, the Vice-Chairman of AmerGen, and a U.S. citizen, is a non-voting Representative on the Management Committee.

3. Principal Executives and Officers

The Chairman of the Management Committee, Michael J. Egan is a U.S. citizen, who is appointed by, and may only be removed by the PECO Energy Member Group. Mr. Egan chairs the meetings of the Committee and has the "casting" or deciding vote on "all Safety issues," broadly defined in Section 1.7 of the LLC Agreement and which include all issues within the jurisdiction of the NRC, *i.e.*, all matters involving nuclear safety and common defense and security.

The AmerGen Chief Executive Officer (CEO), Gerald R. Rainey, is a U.S. citizen, who is elected by the Management Committee, and is the senior executive responsible for AmerGen's day-to-day operations. The CEO is authorized to employ and retain other officers, subject to the approval of the Management Committee. Mr. Rainey also serves as AmerGen's Chief Nuclear Officer (CNO). The CEO and CNO, if someone other than the CEO, will always be U.S. citizens. The names, titles, addresses, and citizenship of the principal executives and officers of AmerGen are as follows:

Name	Title	Address	Citizenship
Michael J. Egan	Chairman, Management Committee	2301 Market Street Philadelphia, PA 19101	U.S.
Dickinson M. Smith	Vice Chairman, Management Committee	965 Chesterbrook Blvd. Wayne, PA 19087	U.S.
Gerald R. Rainey	CEO, CNO	965 Chesterbrook Blvd. Wayne, PA 19087	U.S.

Name	Title	Address	Citizenship
Dr. Robin Jeffrey, FEng	President	69 Yonge Street Suite 1000 Toronto, Ontario M5E 1K3 Canada	U.K.
Drew B. Fetters	Vice President	965 Chesterbrook Blvd. Wayne, PA 19087	U.S.
Duncan Hawthorne	Vice President	965 Chesterbrook Blvd. Wayne, PA 19087	U.K.
Paul E. Haviland	Vice President	2301 Market Street Philadelphia, PA 19101	U.S.
Edward J. Cullen, Jr.	Secretary	2301 Market Street Philadelphia, PA 19101	U.S.
Todd D. Cutler	Asst. Secretary	2301 Market Street Philadelphia, PA 19101	U.S.
J. Barry Mitchell	Treasurer	2301 Market Street Philadelphia, PA 19101	U.S.

IV. FOREIGN PARTICIPATION IN AMERGEN

The NRC recently concluded that the transfer of an NRC operating license for a commercial nuclear power plant to AmerGen is consistent with the restrictions on foreign ownership and control in the Atomic Energy Act of 1954, as amended (the Act). *See* TMI-1 Order, 64 FR 19202 (April 19, 1999); *Safety Evaluation by the Office of NRR, Transfer of Facility Operating License from GPUN, Inc., et al to AmerGen,* (Three Mile Island, Unit No. 1), Docket No. 50-289 (April 12, 1999) (TMI-1 Safety Evaluation). In the TMI-1 Safety Evaluation, the NRC Staff took into account the nature and extent of foreign participation in AmerGen and concluded that AmerGen is not subject to foreign ownership, control, or

domination within the meaning of the Act or NRC's regulations, and that the transfer of the TMI-1 license to AmerGen would not be inimical to the common defense and security. There has been no material change in the nature and extent of the level of foreign participation in AmerGen since the issuance of the TMI-1 Safety Evaluation.

In approving the transfer of the TMI-1 operating license from GPUN to AmerGen, the NRC Staff imposed four license conditions to ensure that AmerGen will not be subject to foreign ownership, control, or domination. AmerGen proposes similar license conditions in connection with the proposed transfer of the Oyster Creek license. The four license conditions imposed by the NRC Staff on AmerGen for the TMI-1 transfer, and which AmerGen proposes in connection with the proposed transfer of the Oyster Creek license are:

1. The Limited Liability Company Agreement dated August 18, 1997, may not be modified in any material respect concerning decision-making authority over "safety issues" as defined therein without the prior written consent of the Director, Office of Nuclear Reactor Regulation.

2. At least half of the members of AmerGen's Management Committee shall be appointed by a non-foreign member group, all of which appointees shall be U.S. citizens.

3. The Chief Executive Officer (CEO), Chief Nuclear Officer (CNO) (if someone other than the CEO), and Chairman of the Management Committee of AmerGen shall be U.S. Citizens. These individuals shall have the responsibility and exclusive authority to ensure, and shall ensure, that the business and activities of AmerGen with respect to the Oyster Creek license are at all times conducted in a manner consistent with the protection of the public health and safety and common defense and security of the United States.

4. AmerGen shall cause to be transmitted to the Director, Office of Nuclear Reactor Regulation, within 30 days of filing with the U.S. Securities and Exchange Commission any Schedules 13D or 13G filed pursuant to the Securities and Exchange Act of 1934 that disclose beneficial ownership of a registered class of PECO Energy stock.

V. TECHNICAL QUALIFICATIONS OF AMERGEN

The technical qualifications of AmerGen to carry out its responsibilities under Facility Operating License DPR-16, as transferred and amended, will meet or exceed the existing technical qualifications of the current licensee. The NRC Staff previously determined that "AmerGen has an acceptable corporate-level management" and "is technically qualified to operate a nuclear power plant." TMI-1 Safety Evaluation, at 21. 5/

When the proposed transfer of the Oyster Creek license and amendments become effective, AmerGen will be the sole owner and will assume responsibility for, and control over, the operation and maintenance of Oyster Creek. GPUN's existing nuclear organization at Oyster Creek will be transferred to AmerGen. The bulk of GPUN's nuclear managers and employees at Oyster Creek will become AmerGen employees as of that date and AmerGen will recognize the union which currently represents employees at Oyster Creek. AmerGen will also have the opportunity to interview and extend offers of employment to GPUN corporate support staff located in GPUN's Parsippany, New Jersey offices. The overriding philosophy that will govern AmerGen's management of Oyster Creek will be to assure that AmerGen manages, operates, and maintains the plant in accordance with the conditions and requirements established by the NRC.

5/ Subsequent to the NRC's approval of the TMI-1 transfer, AmerGen's former CEO, Dickinson M. Smith, became Vice-Chairman of the Management Committee, and AmerGen's CNO, Gerald R. Rainey, assumed the duties of CEO. In addition, Paul E. Haviland became a Vice President of AmerGen with responsibilities relating to the acquisition of additional nuclear power plants. Finally, Todd D. Cutler has become Assistant Secretary, and J. Barry Mitchell has become Treasurer.

The plant staff, including senior managers, will remain essentially unchanged. However, as is common for the management and staff at operating nuclear power plants, individuals routinely transfer to other positions within the same company, retire, resign or transfer to positions at other sites. Thus, it is to be expected that additional experienced personnel may join the site organization during the period leading up to and after the license transfer. Prior to the transfer, decisions regarding such changes will be made by GPUN, and following the transfer, such decisions will be made by AmerGen. Any such personnel will meet all existing qualification requirements in accordance with the Oyster Creek license and technical specifications. If AmerGen determines that a senior management position is to be filled with a new individual from outside the existing Oyster Creek organization contemporaneously with the license transfer, AmerGen will inform the NRC in advance of any such change and provide the NRC with a resume for any such individual in advance of the effective date of any such change.

Enclosure 4 is an organizational chart for Oyster Creek illustrating the management and support structure and reporting relationships. As shown in this chart, the reporting relationships for the principal AmerGen executive officers and managers who will be involved in the management of Oyster Creek are as follows:

- AmerGen's CEO and CNO will report to the AmerGen Management Committee and have executive responsibility for the safe, reliable, and economic operation and maintenance of Oyster Creek.

- The Vice President - Oyster Creek will report to the AmerGen CNO and have direct, on-site responsibility for the safe, reliable, and economic operation and maintenance of Oyster Creek.
- The Vice President - Station Support will report to the AmerGen CNO and is responsible for providing certain technical and administrative support to Oyster Creek. AmerGen currently plans for the PECO Nuclear Vice President - Station Support to perform these activities for AmerGen. The support provided will be very similar in nature to the support currently provided to Oyster Creek by GPUN's Parsippany, NJ, engineering and licensing organizations. Specifically, support will be provided in engineering, nuclear fuel procurement and engineering, information systems, licensing, emergency planning and maintenance.
- The Director - Nuclear Quality Assurance (NQA) will report to the AmerGen CNO and is responsible for providing the QA program, independent oversight, independent safety engineering, and vendor qualification functions for Oyster Creek. The Nuclear Safety Assessment organization, which will include the independent safety engineering function, will report to the Director - NQA. AmerGen currently plans for the PECO Nuclear Director - NQA to perform this function for Oyster Creek.
- The Chairman - Nuclear Review Board (NRB) will report to the AmerGen CNO and is responsible for providing an NRB (off-site safety review committee) function, similar to that which is currently provided by GPUN's General Office Review Board.

AmerGen currently plans for the PECO Nuclear Chairman - NRB to perform these activities for AmerGen.

The existing GPUN technical support functions for Oyster Creek, as described in Chapter 13 of Oyster Creek's FSAR, will continue to be performed after the transfer. Engineering support for Oyster Creek is currently provided by a dedicated engineering organization that is an integral part of the site organization that will be transferred to AmerGen. Other engineering support currently provided by the offsite GPUN organization will be provided by the PECO Nuclear offsite support organization under the direction of the Vice President-Station Support. The functions, responsibilities and reporting relationships of these organizations, especially as they relate to activities important to the safe operation of Oyster Creek, will continue to be clear and unambiguous. The performance of these functions will be essentially unaffected by the transfer.

As detailed in Section 2.1 of the Oyster Creek Agreement, GPUN will transfer to AmerGen the assets related to Oyster Creek that AmerGen will need to maintain and operate the plant consistent with NRC requirements. Section 2.1 provides an extensive listing of assets—in addition to the plant and equipment—that will be transferred, such as: books; operating records; operating, safety and maintenance manuals; engineering design plans, documents, and blueprints; as-built plans; specifications; procedures and similar items. With respect to the many operating records and other documents described, Section 2.1(g) of the Oyster Creek Agreement specifically notes that all such materials will be transferred "wherever located."

Substantially all the records which the NRC requires a licensee to maintain are already located and maintained at Oyster Creek. Nevertheless, AmerGen will ensure that it acquires custody or control of any additional important documents that may currently be located at GPUN's Parsippany, NJ, offices or other off-site locations. Further, any necessary contracts with the Architect Engineer, Nuclear Steam Supply System (NSSS) supplier, and other major vendors, will be assigned to AmerGen, as allowed by the contracts, or appropriate other contracts will be obtained by AmerGen on a timely basis. Other contracts and contractor relationships relating to Oyster Creek also will be assigned or transferred to AmerGen. *See* Sections 2.3 and 4.12 of the Oyster Creek Agreement.

VI. FINANCIAL QUALIFICATIONS OF AMERGEN

While AmerGen has maintained that it qualifies as an "electric utility" within the meaning of 10 CFR § 50.2, the NRC recently concluded otherwise in connection with the TMI-1 license transfer. In any event, AmerGen meets the financial qualification requirements for a "non-electric utility" licensee pursuant to 10 CFR 50.33(f), as the NRC recently determined in its Order and Safety Evaluation approving the transfer of TMI-1 to AmerGen. As shown below, AmerGen is also financially qualified to own and operate Oyster Creek.

A. Projected Operating Revenues and Operating Costs

AmerGen possesses, or has reasonable assurance of obtaining, the funds necessary to cover estimated operating costs for the period of the license in accordance with 10 CFR § 50.33(f)(2) and the Standard Review Plan on Power Reactor Licensee Financial

Qualifications and Decommissioning Funding Assurance (NUREG-1577, Rev. 1) (Standard Review Plan). AmerGen has prepared Projected Income Statements for the operation of Oyster Creek for the five + year period from March 31, 2000 until December 31, 2005. In accordance with the Standard Review Plan, these Projected Income Statements provide the total estimated annual operating costs for Oyster Creek. The Projected Income Statements indicate that the source of funds to cover these operating costs will be operating revenues. The Projected Income Statements include schedules which provide information regarding various projections for plant operations, market price, fuel expenses, anticipated capital additions, and depreciation. 6/

The Projected Income Statements show that the anticipated revenues from sales of capacity and energy from Oyster Creek provide reasonable assurance of an adequate source of funds to meet AmerGen operating expenses for that plant during the five + year period from March 31, 2000 through 2005. Pursuant to a Power Purchase Agreement provided as Enclosure 6, JCP&L will purchase 100% of Oyster Creek's capacity and energy from AmerGen from the Closing Date until March 31, 2003. All capacity and energy after that time will be sold at market-based rates.

Also, as described below, PECO Energy and British Energy are making certain financial commitments to AmerGen to provide funds to cover operating expenses as necessary

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6/ Copies of the Projected Income Statements and related schedules are contained in Enclosure 5A. AmerGen requests that Enclosure 5A be withheld from public disclosure, as described in the Section 2.790 Affidavit provided in Enclosure 12. A redacted version of the Projected Income Statements, suitable for public disclosure, is contained in Enclosure 5.

to maintain the safety of Oyster Creek (and other nuclear power plants owned by AmerGen) during any periods in which revenues from capacity and energy sales might not cover the operating expenses. PECO Energy and British Energy made the same commitments to provide funds to cover operating expenses as necessary to maintain the safety of TMI-1, Clinton Power Station, and Nine Mile Point Units 1 & 2.

B. Additional Sources of Funds

AmerGen is providing a projected opening balance sheet showing its anticipated assets, liabilities and capital structure relating to Oyster Creek as of the Closing Date. This financial statement is also contained in Enclosure 5A.[7/] AmerGen expects that by the Closing Date its Members will make capital contributions sufficient to cover the Purchase Price (as defined in Section 3.2 of the Oyster Creek Agreement). AmerGen's revenues from the sale of electricity from Oyster Creek and its other plants will provide AmerGen with working capital on an ongoing basis.

Significantly, PECO Energy and British Energy entered into certain additional financial arrangements that provide further assurance that AmerGen will have sufficient funds available to meet its operating expenses. PECO Energy and British Energy have each entered into letter agreements with AmerGen dated December 3, 1998 and July 22, 1999 (PECO Energy) and November 5, 1998 and July 22, 1999 (British Energy) in which they committed, subject to the terms of their respective agreements, to provide their share of funds to AmerGen to assure that

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7/ As noted previously, AmerGen requests that Enclosure 5A be withheld from public disclosure as described in the Section 2.790 Affidavit attached as Enclosure 12. A redacted version of this statement, suitable for public disclosure, is provided as Enclosure 5.

AmerGen will have sufficient funds available to meet its operating expenses for AmerGen's nuclear power plants. Copies of these letter agreements (Funding Agreements) were previously provided to the NRC and are incorporated herein by reference. *See* References 4 and 5. Under the terms of the Funding Agreements, AmerGen has the right to obtain funding of up to $110 million, in the unlikely event that PECO Energy and British Energy do not otherwise provide adequate funding to AmerGen. In connection with its applications for NRC consent to the transfers of Clinton Power Station and Nine Mile Point Units 1 and 2, AmerGen has previously described these financial commitments and its anticipation that funding will be provided without resort to the terms of the Funding Agreements. AmerGen's prior representations regarding these matters are incorporated herein by reference and may be relied upon as applicable to Oyster Creek in connection with NRC's review of this application.

AmerGen will take no action to cause PECO Energy or British Energy to void, cancel, or diminish their financial commitments to AmerGen. Neither will AmerGen cause PECO Energy or British Energy to fail to perform or impair their performance under the Funding Agreements, or remove or interfere with AmerGen's ability to draw upon the Funding Agreements. Further, AmerGen shall inform the Director, Office of Nuclear Reactor Regulation, in writing, at such time that it draws upon the Funding Agreements for any of its nuclear power plants.

The Funding Agreements entered into by PECO Energy and British Energy provide reasonable assurance that AmerGen will have funds sufficient to pay the fixed costs of an outage lasting six months, as suggested in the guidance provided in the Standard Review

Plan.[8/] Moreover, the Projected Income Statements and AmerGen's opening balance sheet showing its anticipated assets, liabilities, and capital structure as of the Closing Date, provide further assurance that AmerGen is financially qualified to own and operate Oyster Creek.

C. Decommissioning Funding

AmerGen's financial qualifications to own and operate Oyster Creek are further demonstrated by the fact that, as explained below, AmerGen has made arrangements with JCP&L to ensure that the decommissioning trust funds for Oyster Creek will be fully prepaid. JCP&L will make additional deposits to the Oyster Creek decommissioning trust funds, such that, at closing, the funds will have a fair market value of $430 million, net of taxes and expenses paid at the time of the transfer, subject to certain adjustments, e.g., if the closing date is other than March 31, 2000. In any event, AmerGen will assure that the fair market value of the funds, net of taxes and expenses, will be no less than $400 million, which substantially exceeds the NRC's minimum requirements for decommissioning funding.

On the Closing Date, the decommissioning trust funds will be transferred to AmerGen, and AmerGen will hold the funds in an external trust fund segregated from AmerGen's assets and outside its administrative control in accordance with the requirements of 10 CFR § 50.75(e)(1)(i). Mellon Bank, NA will be the trustee and will manage investment of the funds in accordance with applicable requirements and license restrictions.

8/ Based upon the conservative operating cost projections for the years 2000-2004, the average fixed operating cost over a six-month period for Oyster Creek is approximately $60 million.

AmerGen's Nuclear Decommissioning Master Trust Fund Agreement will be in a form which is acceptable to the NRC and will provide, in addition to any other clauses, that: (a) investments in the securities of AmerGen, PECO Energy, British Energy, their affiliates, subsidiaries or associates, or their successors and assigns shall be prohibited; (b) investments in any entity owning one or more nuclear power plants shall be prohibited except for investments tied to market indices or other non-nuclear sector mutual funds; and (c) the Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement. A copy of the form of AmerGen's Nuclear Decommissioning Master Trust Fund Agreement is provided as Enclosure 7.

AmerGen has calculated the NRC formula amount for the radiological decommissioning of Oyster Creek, pursuant to 10 CFR § 50.75(c), NRC Regulatory Guide 1.159, and NUREG-1307, Rev. 8. A work sheet showing the calculations is provided in Enclosure 8. Based upon these calculations, the NRC formula amount for Oyster Creek is $333.5 million. AmerGen's commitment to provide pre-paid funds of $400 million exceeds this amount. Moreover, after crediting earnings on the minimum after-tax value of the decommissioning funds at a two percent annual real rate of return from the time of the collection of the funds through the projected expiration date of the Oyster Creek license, the credited value of the funds transferred to AmerGen at Closing will exceed $480.4 million, which is well in excess of the required NRC formula amount. This is demonstrated in Enclosure 9.

As is amply demonstrated above, AmerGen possesses or has reasonable assurance of obtaining the funds necessary to cover estimated operation costs for the period of the license.

VII. ANTITRUST CONSIDERATIONS

In accordance with the Commission's recent decision in *Kansas Gas and Electric Company* (Wolf Creek Generating Station, Unit 1) CLI-99-19, 49 NRC __ (1999), antitrust reviews of post-operating license transfer applications are not required under the Act. For this reason, and because Oyster Creek was licensed under Section 104b and its license does not contain any antitrust conditions, the NRC need not consider any antitrust issues in connection with this application.

VIII. RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION

This application does not contain any Restricted Data or classified National Security Information, and AmerGen does not expect that any licensed activities at Oyster Creek will involve any such information. However, in the event that such information does become involved, AmerGen agrees that it will (1) appropriately safeguard such information and (2) not permit any individual to have access to such information unless, and until, (a) the Office of Personnel Management (OPM) has investigated the character, associations and loyalty of any such individual, (b) OPM has reported to the NRC on the result of such an investigation, and (c) the NRC has determined that permitting such person to have access to such information will not endanger the common defense and security of the United States.

IX. ENVIRONMENTAL CONSIDERATIONS

The Oyster Creek license transfer application and accompanying administrative amendments are exempt from environmental review because they fall within the categorical exclusion appearing at 10 CFR § 51.22(c)(21) for which neither an Environmental Assessment nor an Environmental Impact Statement is required. Moreover, the proposed license transfer does not involve any amendments to the license or other changes that would directly affect the actual operation of Oyster Creek in any substantive way. The proposed transfer and amendments to the license do not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site. Further, no increase in the individual or cumulative occupational radiation exposure is expected, and the proposed transfer and license changes have no environmental impact.

X. ADDITIONAL INFORMATION REGARDING SPECIFIC REGULATORY REQUIREMENTS, PLANS, PROGRAMS & PROCEDURES

A. Offsite Power and Station Blackout Rule

In compliance with the design basis for Oyster Creek and General Design Criterion (GDC) 17, JCP&L provides off-site power to Oyster Creek over transmission facilities owned and operated by JCP&L. Functionally, the interconnection with Oyster Creek will not change as a result of the proposed license transfer. JCP&L has entered into an Interconnection Agreement with AmerGen pursuant to which it will continue to provide Oyster Creek with interconnection services until no longer required to meet NRC requirements for offsite power and station blackout. This interconnection agreement will enable AmerGen to have access to

the electric transmission system operated by PJM Interconnection, LLC (PJM), and AmerGen will enter into separate transmission and power services agreements with yet to be named providers. Discussions regarding such agreements have been initiated with potential providers, and any necessary agreements will be concluded prior to the license transfer.

GDC 17 specifically requires that there be an assured source of off-site power to the plant. Pursuant to this requirement, the interconnection agreement and transmission and power services agreement will provide adequate assurance that: (1) Oyster Creek will be provided with a continued source of off-site power; and (2) the arrangements for controlling operation, maintenance, repair, and other activities with respect to the Oyster Creek switching station, the transmission lines, and the switchyard will continue to provide a reliable source of off-site power.

The obligations of JCP&L under the interconnection agreement, and those of the transmission and power services provider under its agreement with AmerGen, will assure that GDC 17 criteria for Oyster Creek will continue to be met. Moreover, both JCP&L—doing business as GPU Energy—and PECO Energy are members of PJM. They are also members of a PJM "Nuclear Generation Owners/Operators (NGO) User Group" that has been formed by NRC license holders within the PJM control area. This group provides a forum for communications among member nuclear plant licensees and PJM on issues that arise from deregulation that are viewed as potentially impacting off-site power reliability.

Oyster Creek will continue to rely on the Forked River Combustion Turbines as an alternative source of a.c. power satisfying the NRC's station blackout (SBO) rule (10 C.F.R.

§ 50.63). JCP&L contemplates selling the combustion turbines to Sithe Energies, subject to covenants by Sithe Energies to provide station blackout services in continued compliance with NRC requirements and commitments. Effective upon such sale, AmerGen will receive all rights under these covenants. When Oyster Creek is transferred, JCP&L will continue to provide or cause to be provided to Oyster Creek, through appropriate contractual arrangements, the SBO services from these combustion turbines in satisfaction of the SBO rule and GPUN's prior commitments for compliance with the SBO rule.

B. Emergency Planning

Upon consummation of the transfer, AmerGen will assume authority and responsibility for functions necessary to fulfill the emergency planning requirements specified in 10 CFR § 50.47(b) and Part 50, Appendix E. Any changes made to the existing Oyster Creek emergency plan developed and implemented by the current licensees will be made in accordance with 10 CFR § 50.54(q). GPUN and AmerGen anticipate that no changes will be made that will result in a decrease in the effectiveness of the plans, and that the plans will continue to meet the standards of 10 CFR § 50.47(b) and the requirements of Appendix E of Part 50. Any specific emergency plan changes will be submitted to the NRC within 30 days after the changes are made, pursuant to 10 CFR § 50.54(q) and Appendix E, Section V. If GPUN or AmerGen identifies any proposed changes that would decrease the effectiveness of the approved emergency plans, application to the Commission will be made and such proposed changes will not be implemented until approved by the Commission. Determinations as to

whether any proposed change(s) would result in a decrease in effectiveness will be made in accordance with GPUN's currently approved plans, programs and procedures.

AmerGen anticipates that no substantive changes will be made to the existing on-site emergency organization, but that certain corporate support and/or corporate oversight functions may be changed, transferred on-site, or transferred to an AmerGen corporate support organization. This organization will provide support functions to Oyster Creek, which may be provided through contractual arrangements with PECO Energy, GPUN, and/or British Energy. Persons assigned to perform these functions will meet the same qualification requirements as the existing responsible GPUN corporate support personnel. Transition plans will be established to ensure that the support described in the existing emergency plan will be maintained throughout any transition period associated with the transfer.

The current offsite emergency facilities and equipment will be transferred to AmerGen, with the exception of the Emergency Operations Facility (EOF), which will be leased by JCP&L to AmerGen for use in connection with plant emergencies. AmerGen will also have continued access to the remote Assembly Area at JCP&L's Berkeley Line Facility as provided for in the Emergency Plan, under a separate agreement with JCP&L. Ownership of off-site emergency sirens will also be transferred to AmerGen, and any existing easements for the siren locations will be assigned to AmerGen.

Existing agreements for support from organizations and agencies not affiliated with the current licensees will be assigned to AmerGen. GPUN and AmerGen plan to notify the parties to such agreements in advance of the transfer of the Oyster Creek license to AmerGen and

advise those parties of AmerGen's responsibility for management and operation of Oyster Creek. In sum, the proposed license transfer will not impact compliance with the emergency planning requirements.

C. **Exclusion Area**

Upon the transfer of the license to AmerGen, AmerGen will have authority to determine and control all activities within the Exclusion Area for Oyster Creek, as defined in Section 5.1 of the Technical Specifications of the Oyster Creek operating license, to the extent required by 10 CFR Part 100 including exclusion of personnel and property from the Exclusion Area.

Under the Oyster Creek Agreement, JCP&L will transfer certain of its real property ownership interests within the Exclusion Area to AmerGen, but AmerGen is not acquiring certain real property, combustion turbines, and switchyard and other transmission assets owned by JCP&L which are located within the Exclusion Area. However, pursuant to an easement appurtenant to Oyster Creek, AmerGen will have control over the Exclusion Area, including the authority to determine all activities in the Exclusion Area, and to exclude or remove personnel and property from the area, and all other authority necessary to comply with applicable NRC requirements. To the extent permitted by NRC requirements, AmerGen will grant access to JCP&L and/or any subsequent owners or operators of property equipment or facilities within the exclusion area, to properly operate and maintain the combustion turbines, switching station and transmission facilities.

With respect to the activities unrelated to plant operation that occur in the Exclusion Area identified in Section 5.1 of the Technical Specifications, there will be no change. AmerGen will assume responsibility for the Emergency Plan as discussed above.

D. Security

Upon consummation of the transfer, AmerGen will assume authority and responsibility for the functions necessary to fulfill the security planning requirements specified in 10 CFR Part 73. Any changes made to the existing NRC-approved physical security, guard training and qualification, and safeguards contingency plans developed and implemented by the current licensees will be made in accordance with 10 CFR § 50.54(p). GPUN and AmerGen anticipate that no changes will be made that will result in a decrease in the effectiveness of the plans, and that the plans will continue to meet the standards of 10 CFR Part 73, Appendix C. Any specific security plan changes will be submitted to the NRC within two months after the changes are made, pursuant to 10 CFR § 50.54(p)(2). If GPUN or AmerGen identifies any proposed changes that would decrease the effectiveness of the approved security plans, application to the Commission will be made, and such proposed changes will not be implemented until approved by the Commission. Determinations as to whether any proposed change(s) would result in a decrease in effectiveness will be made in accordance with GPUN's currently approved plans, programs and procedures.

AmerGen anticipates that no substantive changes will be made to the existing on-site security organization, but that certain corporate support and/or corporate oversight functions may be changed, transferred on-site, or transferred to an AmerGen corporate support

organization. This organization will provide support functions to Oyster Creek, which may be provided through contractual arrangements with PECO Energy, GPUN, and/or British Energy. Persons assigned to perform these functions will meet the same qualification requirements as the existing responsible GPUN corporate support personnel. Transition plans will be established to ensure that the support described in the existing security plans will be maintained throughout any transition period associated with the transfer.

Existing agreements for support from organizations and agencies not affiliated with the current licensees will be assigned to AmerGen. GPUN and AmerGen plan to notify the parties to such agreements in advance of the transfer of the Oyster Creek license to AmerGen, and advise those parties of AmerGen's responsibility for management and operation of Oyster Creek. In sum, the proposed license transfer will not impact compliance with physical security requirements.

E. Quality Assurance Program

Upon consummation of the transfer, AmerGen will assume authority and responsibility for the functions necessary to fulfill the quality assurance (QA) requirements of 10 CFR Part 50, Appendix B. Any changes made to the existing Oyster Creek Quality Assurance Plan developed and implemented by the current licensees will be made in accordance with 10 CFR § 50.54(a). GPUN and AmerGen anticipate that no changes will be made that will result in a reduction in the commitments in the Quality Assurance Plan description previously accepted by the NRC. If AmerGen or GPUN identifies any proposed changes to the Quality Assurance Plan that would result in a reduction in commitments, application to the Commission will be

made, and such proposed changes will not be implemented until approved by the Commission. Determinations as to whether any proposed change(s) would result in a reduction in commitment will be made in accordance with GPUN's currently approved plans, programs and procedures.

AmerGen anticipates that it will be able to assume all of the current functions of the existing QA organization by assigning qualified AmerGen personnel or contractor personnel, *i.e.*, PECO Energy, GPUN, British Energy or other qualified contractors, to each of the positions named in the current Quality Assurance Plan (or equivalent positions). Persons assigned to perform these functions will meet the same qualification requirements as the existing responsible GPUN personnel. Transition plans will be established to ensure that the support described in the existing Quality Assurance Plan will be maintained throughout any transition period associated with the transfer.

F. Final Safety Analysis Report

With the exception of areas discussed in this application, the proposed license transfer and conforming administrative amendments will not change or invalidate information presently appearing in the Oyster Creek FSAR, and all licensing basis commitments will remain in effect. Changes necessary to accommodate the proposed transfer and conforming administrative license amendments will be incorporated into the FSAR, in accordance with 10 CFR § 50.71(e), following NRC approval of these requests for consent to license transfer.

G. Training

Any off-site training facilities, including any off-site staff currently working at these facilities, will be transferred to AmerGen. The proposed license amendment will not impact compliance with the operator re-qualification program requirements of 10 CFR § 50.54 and related sections, nor maintenance of the Institute of Nuclear Power Operations accreditation for licensed and non-licensed training. Upon transfer of the license, AmerGen will assume ultimate responsibility for implementation of existing training programs. Changes to the programs to reflect the transfer will not decrease the scope of the approved operator re-qualification program without the specific authorization of the NRC in accordance with 10 CFR § 50.54(i).

H. Price-Anderson Indemnity and Nuclear Insurance

In accordance with 10 CFR § 140.92, Art. IV.2, the parties request NRC approval of the assignment and transfer of the Price Anderson indemnity agreement for Oyster Creek to AmerGen upon consent to the proposed license transfer. AmerGen's Projected Income Statements and financial arrangements with PECO Energy and British Energy provide adequate assurance that AmerGen will be able to pay a total retrospective premium of $10 million for Oyster Creek, pursuant to 10 CFR § 140.21(e)-(f). Prior to the license transfer, AmerGen will obtain all required nuclear property damage insurance pursuant to 10 CFR § 50.54(w) and nuclear energy liability insurance pursuant to Section 170 of the Act and 10 CFR Part 140.

I. Standard Contract for Disposal of Spent Nuclear Fuel

On and after the Closing Date, AmerGen will assume title to and responsibility for storage and disposal of spent nuclear fuel at Oyster Creek. Rights and obligations under the Standard Contract with the Department of Energy for Oyster Creek will be assigned to and assumed by AmerGen, except that JCP&L will remain liable for any fees that may be imposed for electricity and spent fuel generated and sold prior to the Closing Date, and has retained certain of its rights regarding claims against DOE arising prior to closing.

XI. OTHER REQUIRED REGULATORY APPROVALS

The proposed sale of Oyster Creek to AmerGen is subject to the approval of FERC and the New Jersey Board of Public Utilities (NJBPU). A certification by the New York Public Service Commission (NYPSC) will also be required. The parties are requesting FERC approval for the sale of jurisdictional assets pursuant to Section 203 of the Federal Power Act (FPA), and acceptance of the Interconnection Agreement and Power Purchase Agreement under Section 205 of the FPA. AmerGen already has FERC authorization under Section 205 of the FPA to sell electric generating capacity and energy at wholesale and market-based rates. AmerGen will notify FERC of the change in its status associated with its purchase of Oyster Creek. AmerGen also will file an application with FERC for Exempt Wholesale Generator (EWG) status under Section 32 of the Public Utility Holding Company Act of 1935, as amended, in connection with its ownership and operation of Oyster Creek. As a prerequisite to AmerGen's EWG filing, the parties will request findings from the NJBPU and NYPSC that

allowing Oyster Creek to be an "eligible facility" for purposes of EWG status (1) will benefit consumers, (2) is in the public interest, and (3) does not violate any state law.

The parties also will file any notifications with the Federal Trade Commission and the Department of Justice that are required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act), and its applicable rules and regulations. Any additional information required will be supplied with a goal towards the termination or expiration of the HSR Act waiting period at the earliest possible date after the date of filing.

Certain IRS rulings and/or opinions of tax counsel will also be required in connection with this transaction, including the rulings and/or opinions necessary to effect a tax efficient transfer of Decommissioning Trust Funds to AmerGen. JCP&L will not retain ownership of any Oyster Creek Decommissioning Trust Funds after the Closing Date.

XII. EFFECTIVE DATE

AmerGen, JCP&L and GPUN request that the NRC review this Application on a schedule that will permit the issuance of NRC consent to the license transfer, and approval of the conforming administrative license amendments, as promptly as possible, and in any event before March 1, 2000. The parties also request that NRC's consent to the transfer of Oyster Creek to AmerGen be immediately effective upon issuance of the NRC's Order, and that it grant consent for the transfer to take place at any time for one year after issuance, or such later date as may be permitted by the NRC. It is also requested that any needed license or technical changes be made effective on the Closing Date.

XIII. CONCLUSION

Based upon the forgoing information, AmerGen, JCP&L and GPUN respectfully request that the NRC issue an Order approving the transfer of both Facility Operating License No. DPR-16 for Oyster Creek, and JCP&L's 100% ownership interest in Oyster Creek, to AmerGen, and the associated Conforming Administrative License Amendments.

ENCLOSURE 1

MARKED-UP PAGES OF OYSTER CREEK LICENSE AND TECHNICAL SPECIFICATIONS REFLECTING CONFORMING ADMINISTRATIVE LICENSE AMENDMENTS ASSOCIATED WITH PROPOSED TRANSFER OF OYSTER CREEK LICENSE TO AMERGEN ENERGY COMPANY, LLC

~~GPU NUCLEAR, INC.~~

~~AND~~

~~JERSEY CENTRAL POWER & LIGHT COMPANY d/b/a~~

~~GPU ENERGY~~
AMERGEN ENERGY COMPANY, LLC
DOCKET NO. 50-219

OYSTER CREEK NUCLEAR GENERATING STATION

FACILITY OPERATING LICENSE

License No. DPR-16

1. The Nuclear Regulatory Commission (the Commission) has found that:

   A. The application for a license filed by ~~Jersey Central Power & Light Company* d/b/a GPU Energy~~ the applicant complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter 1, and all required notifications to other agencies or bodies have been duly made;

   B. Construction of the Oyster Creek Nuclear Generating Station (the facility) has been completed in conformity with Provisional Construction Permit No. CPPR-15; the application, as amended; the provisions of the Act; and the rules and regulations of the Commission, and has been operating under a provisional license since April 9, 1969;

   C. The facility will operate in conformity with the application, as amended; the provisions of the Act; and the rules and regulations of the Commission (except as exempted from compliance in Section 2.D. below);

   D. There is reasonable assurance (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public and (ii) that such activities will be conducted in compliance with the Commission's rules and regulations set forth in 10 CFR Chapter 1 (except as exempted from compliance in Section 2.D. below);

   ~~*~~ ~~Subsequent to the filing of this application, on December 29, 1981 the NRC issued Amendment No. 59 to POL DPR-16 for this facility, pursuant to which GPU Nuclear, Inc. was added as a licensee, authorized to possess, use and operate the facility, and Jersey Central Power & Light company d/b/a GPU Energy remained as a licensee, authorized to posses the facility. All subsequent applications for amendments to the license were filed jointly by the two licensees.~~

E. ~~GPU Nuclear, Inc.~~ AmerGen Energy Company, LLC is technically qualified to engaged in the activities authorized by this license in accordance with the rules and regulations of the Commission;

F. ~~Jersey Central Power & Light Company d/b/a GPU Energy~~ AmerGen Energy Company, LLC has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;

G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;

H. The receipt, possession and use of source, byproduct, and special nuclear materials as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70; and

I. The issuance of this license is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Provisional Operating License No. DPR-16, dated April 9, 1969, as amended, is superseded in its entirety by Facility Operating License No. DPR-16, hereby issued to ~~GPU Nuclear, Inc. and Jersey Central Power & Light Company d/b/a GPU Energy~~ AmerGen Energy Company, LLC to read as follows:

A. This license applies to the Oyster Creek Nuclear Generating Station, a boiling-water reactor and associated equipment (the facility). The facility is located in Ocean County, New Jersey, and is described in the licensee's Updated Final Safety Analysis Report, as supplemented and amended, and in the licensee's Environmental Report, as supplemented and amended.

B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses ~~GPU Nuclear, Inc.~~ AmerGen Energy Company, LLC:

(1) Pursuant to Section 104b of the Act and 10 CFR Part 50, to possess, use, and operate Oyster Creek Nuclear Generation Station~~, and Jersey Central Power & Light Company d/b/a GPU Energy to possess the Oyster Creek Nuclear Generating Station,~~ at the designated location on the Oyster Creek site in Ocean County, New Jersey, in accordance with the procedures and limitations set forth in this license;

(2) Pursuant to the Act and 10 CFR Part 70, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Updated Final Safety Analysis Report, as supplemented and amended;

(3) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use at any time any byproduct, source, or special nuclear materials as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

(4) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, to receive, possess, and use in amounts as required any byproduct, source, or special nuclear materials without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

(5) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, to possess, but not separate such byproduct, source, or special nuclear materials as may be produced by the operation of the facility.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter 1 and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

~~GPU Nuclear, Inc.~~ AmerGen Energy Company, LLC is authorized to operate the facility at steady-state power levels not
in excess of 1930 megawatts (thermal) (100 percent rated power) in accordance with the conditions specified herein.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. ~~208~~, are hereby incorporated in the license. ~~GPU Nuclear, Inc.~~ AmerGen Energy Company, LLC shall
operate the facility in accordance with the Technical Specifications.

(3) Fire Protection

~~GPU Nuclear, Inc.~~ AmerGen Energy Company, LLC shall implement and maintain in effect all provisions of the approved
fire protection program as described in the Updated Final Safety Analysis Report for the facility and as approved in the Safety Evaluation Report dated March 3, 1978, and supplements thereto, subject to the following provision:

Docket No. 50-219

October 1, 1986

APPENDIX A
TO PROVISIONAL OPERATING LICENSE DPR-16*
TECHNICAL SPECIFICATIONS

AND BASES

FOR

OYSTER CREEK NUCLEAR POWER PLANT

UNIT NO. 1

OCEAN COUNTY, NEW JERSEY

AMERGEN ENERGY COMPANY, LLC
~~Jersey Central Power & Light Company d/b/a~~

~~GPU Energy~~

~~GPU Nuclear, Inc.~~

*Per Errata Sheet dated 4-6-69

Amendment No. 194

1.28 FRACTION OF RATED POWER (FRP)

The FRACTION OF RATED POWER is the ratio of core thermal power to rated thermal power.

1.29 TOP OF ACTIVE FUEL (TAF) - 353.3 inches above vessel zero.

1.30 REPORTABLE EVENT

A REPORTABLE EVENT shall be any of those conditions specified in Section 50.73 to 10 CFR Part 50.

1.31 IDENTIFIED LEAKAGE

IDENTIFIED LEAKAGE is that leakage which is collected in the primary containment equipment drain tank and eventually transferred to radwaste for processing.

1.32 UNIDENTIFIED LEAKAGE

UNIDENTIFIED LEAKAGE is all measured leakage that is other than identified leakage.

1.33 PROCESS CONTROL PLAN

The PROCESS CONTROL PLAN shall contain the current formulas, sampling, analyses, test, and determinations to be made to ensure that processing and packaging of solid radioactive wastes based on demonstrated processing of actual or simulated wet solid wastes will be accomplished in such a way as to assure compliance with 10 CFR Parts 20, 61 and 71, State regulations, burial ground requirements, and other requirements governing the disposal of solid radioactive waste.

1.34 AUGMENTED OFFGAS SYSTEM (AOG)

The AUGMENTED OFFGAS SYSTEM is a system designed and installed to holdup and/or process radioactive gases from the main condenser offgas system for the purpose of reducing the radioactive material content of the gases before release to the environs.

1.35 MEMBER OF THE PUBLIC

A MEMBER OF THE PUBLIC is a person who is not occupationally associated with ~~GPU Nuclear~~ AmerGen Energy Company, LLC and who does not normally frequent the Oyster Creek Nuclear Generating Station site. The category does not include contractors, contractor employees, vendors, or persons who enter the site to make deliveries, to service equipment, work on the site, or for other purposes associated with plant functions.

1.36 OFFSITE DOSE CALCULATION MANUAL (ODCM)

The OFFSITE DOSE CALCULATION MANUAL shall contain the methodology and

parameters used in the calculation of offsite doses resulting from radioactive gaseous and liquid effluent, in the calculation of gaseous and liquid effluent monitoring Alarm/trip Setpoints, and in the conduct of the Environmental Radiological Monitoring Program. The ODCM shall also contain (1) the Radioactive Effluent Controls and Radiological Environmental Monitoring Programs required by Section 6.8.4; and (2) descriptions of the information that should be included in the Annual Radioactive Effluent Release Report AND Annual Radiological Environmental Operating Report required by Specifications 6.9.1.d and 6.9.1.e, respectively.

1.37 PURGE

PURGE OR PURGING is the controlled process of discharging air or gas from a confinement and replacing it with air or gas.

1.38 SITE BOUNDARY

The SITE BOUNDARY is the perimeter line around the OCNGS beyond which the land is neither owned, leased nor otherwise subject to control by ~~GPU~~ AmerGen Energy Company, LLC (ref. ODCM). The area outside the SITE BOUNDARY is termed OFFSITE or UNRESTRICTED AREA.

1.39 REACTOR VESSEL PRESSURE TESTING

System pressure testing required by ASME Code Section XI, Article IWA-5000, including system leakage and hydrostatic test, with reactor vessel completely water solid, core not critical and section 3.2.A satisfied.

1.40 SUBSTANTIVE CHANGES

SUBSTANTIVE CHANGES are those which affect the activities associated with a document or the document's meaning or intent. Example of non-substantive changes are: (1) correcting spelling, (2) adding (but not deleting) sign-off spaces, (30 blocking in notes, cautions, etc, (4) changes in corporate and personnel titles which do not reassign responsibilities and which are not referenced in the Appendix A Technical Specifications, and (5) changes in nomenclature or editorial changes which clearly do not change function, meaning or intent.

1.41 DOSE EQUIVALENT I-131

DOSE EQUIVALENT I- 131 shall be that concentration of I-131 microcuries per gram which alone would produce the same thyroid dose as the quantity and isotopic mixture of I131, I-132, I-133, I-134, and I-135 actually present. The thyroid dose conversion factors used for this calculation shall be those listed in Table E-7 or Regulatory Guide 1.109, "Calculation of Annual Doses to Man from Routine Releases of Reactor Effluences for the Purpose of Evaluating Compliance with 10 CFR Par 40 Appendix I."

ADMINISTRATIVE CONTROLS

6.1 RESPONSIBILITY

6.1.1 The Vice President ~~& Director~~ Oyster Creek shall be responsible for overall facility operation. Those responsibilities delegated to the Vice President ~~& Director~~ as stated in the Oyster Creek Technical Specifications may also be fulfilled by the Director - Operations and Maintenance. The Vice President ~~& Director~~ shall delegate in writing the succession to this responsibility during his and/or the Director - Operations and Maintenance absence.

6.2 ORGANIZATION

6.2.1 Corporate

6.2.1.1 An onsite and offsite organization shall be established for unit operation and corporate management. The onsite and offsite organization shall include the positions for activities affecting the safety of the nuclear power plant.

6.2.1.2 Lines of authority, responsibility and communication shall be established and defined from the highest management levels through intermediate levels to and including operating organization positions. These relationships shall be documented and updated as appropriate, in the form of organizational charts. These organizational charts will be documented in the Updated FSAR and updated in accordance with 10 CFR 50.71e.

6.2.1.3 The ~~President - GPU Nuclear~~ Chief Nuclear Officer shall have corporate responsibility for overall plant nuclear safety and shall take measures needed to ensure acceptable performance of the staff in operating, maintaining, and providing technical support in the plant so that continued nuclear safety is assured.

6.2.2 FACILITY STAFF

6.2.2.1 The Vice President ~~& Director~~ Oyster Creek shall be responsible for overall unit safe operation and shall have control over those onsite activities necessary for safe operation and maintenance of the plant.

6.2.2.2 The facility organization shall meet the following:

a. Each on duty shift shall include at least the following shift staffing:

- One (1) group shift supervisor
- Two (2) control room operators
- Three (3) equipment operators - one may be a Radwaste Operator
- One (1) Shift Technical Adviser (see h. below)

Except for the group shift supervisor, shift crew composition may be one less than the minimum requirements, for a period of time not to exceed two hours, in order to accommodate unexpected absence of on-duty shift crew members. Immediate action must be taken to restore the shift crew composition to within requirements given above. This provision does not permit any shift crew position to be unmanned upon shift change due to an incoming shift crew member being late or absent.

b. At all times when there is fuel in the vessel, at least one licensed senior reactor operator shall be on site and one licensed reactor operator should be at the controls.

6.4 TRAINING

6.4.1 A retraining program for operators shall be maintained under the direction of the Manager responsible for plant training and shall meet the requirements and recommendation of 10 CFR Part 55. Replacement training programs, the content of which shall meet the requirements of 10 CFR Part 55, shall be conducted under the direction of the Manager responsible for plant training for licensed operators and Senior Reactor Operators.

6.5 REVIEW AND AUDIT

6.5.1 TECHNICAL REVIEW AND CONTROL

The ~~Corporate Officers of GPU Nuclear, Inc.~~ director of each department shall be responsible for ensuring the preparation, review, and approval of documents required by the activities described in 6.5.1.1 through 6.5.1.5 within his functional area of responsibility as assigned in the ~~GPU Nuclear~~ Review and Approval Matrix. Implementing approvals shall be performed at the cognizant manager level or above.

ACTIVITIES

6.5.1.1 Each procedure required by Technical Specification 6.8 and other procedures which affect nuclear safety, and substantive changes thereto, shall be prepared by a designated individual(s)/group knowledgeable in the area affected by the procedure. Each such procedure, and substantive change thereto, shall be reviewed for adequacy by an individual(s)/group other than the preparer, but who may be from the same division as the individual who prepared the procedure or change.

RECORDS

6.5.1.13 Written records of activities performed under specifications 6.5.1.1 through 6.5.1.11 shall be maintained.

QUALIFICATIONS

6.5.1.14 Responsible Technical Reviewers shall meet or exceed the qualifications of ANSI/ANS 3.1-1978 Section 4.6 or 4.4 for applicable disciplines or have 7 years of appropriate experience in the field of his specialty. Credit towards experience will be given for advanced degrees on a one-for-one basis up to a maximum of two years. These Reviewers shall be designated in writing.

6.5.2 INDEPENDENT SAFETY REVIEW

FUNCTION

6.5.2.1 The ~~Corporate Officers of GPU Nuclear, Inc.~~ director of each department shall be responsible for ensuring the periodic independent safety review of the subjects described in 6.5.2.5 within his assigned area of safety review responsibility, as assigned in the ~~GPUN~~ Review and Approval Matrix.

6.5.2.2 Independent safety review shall be completed by an individual/group not having direct responsibility for the performance of the activities under review, but who may be from the same functionally cognizant organization as the individual/group performing the original work.

6.5.2.3 ~~GPU Nuclear, Inc.~~ The licensee shall collectively have or have access to the experience and competence required to independently review subjects in the following areas:

a. Nuclear power plant operations
b. Nuclear engineering
c. Chemistry and radiochemistry
d. Metallurgy
e. Nondestructive testing
f. Instrumentation and control
g. Radiological safety
h. Mechanical engineering
i. Electrical engineering
j. Administrative controls and quality assurance practices
k. Emergency plans and related organization, procedures and equipment
l. Other appropriate fields associated with the unique characteristics of Oyster Creek

6.5.2.4 Consultants may be utilized as determined by the cognizant ~~Corporate Officer~~ department director to provide expert advice.

RESPONSIBILITIES

6.5.2.5 The following subjects shall be independently reviewed by the functionally assigned divisions:

a. Written safety evaluations of changes in the facility as described in the Safety Analysis Report, of changes in procedures as described in the Safety Analysis Report, and of tests or experiments not described in the Safety Analysis Report, which are completed without prior NRC approval under the provisions of 10 CFR 50.59(a)(1). This review is to verify that such changes, tests or experiments did not involve a change in the Technical Specifications or an unreviewed safety question as defined in 10 CFR 50.59(a)(2). Such reviews need not be performed prior to implementation.

b. Proposed changes in procedures, proposed changes in the facility, or proposed tests or experiments, any of which involves a change in the Technical Specifications or an unreviewed safety question as defined in 10 CFR 50.59(c). Matters of this kind shall be reviewed prior to submittal to the NRC.

c. Proposed changes to Technical Specifications or license amendments related to nuclear safety shall be reviewed prior to submittal to the NRC for approval.

d. Violations, deviations, and reportable events which require reporting to the NRC in writing. Such reviews are performed after the fact. Review of events covered under this subsection shall include results of any investigations made and the recommendations resulting from such investigations to prevent or reduce the probability of recurrence of the event.

e. Written summaries of audit reports in the areas specified in section 6.5.3 and involving safety related functions.

f. Any other matters involving safe operations of the nuclear power plant which a reviewer deems appropriate for consideration, or which is referred to the independent reviewers.

QUALIFICATIONS

6.5.2.6 The independent reviewer(s) shall either have a Bachelor's Degree in Engineering or the Physical Sciences and five (5) years of professional level experience in the area being reviewed or have 9 years of appropriate experience in the field of his specialty. An individual performing reviews may possess competence in more than one specialty area. Credit toward experience will be given for advanced degrees on a one-for-one basis up to a maximum of two years.

RECORDS

6.5.2.7 Reports of reviews encompassed in Section 6.5.2.5 shall be prepared, maintained and transmitted to the cognizant ~~Corporate Officer~~ department director and the Vice President - Oyster Creek.

6.5.3 AUDITS

6.5.3.1 Audits of facility activities shall be performed in accordance with the Oyster Creek Operational Quality Assurance Plan. These audits shall encompass:

a. The conformance of facility operations to provisions contained within the Technical Specifications and applicable license conditions.

b. The performance, training and qualifications of the facility staff.

c. The results of actions taken to correct deficiencies occurring in facility equipment, structures, systems or method of operation that affect nuclear safety.

d. The Facility Emergency Plan and implementing procedures.

e. The Facility Security Plan and implementing procedures.

f. The Fire Protection Program and implementing procedures.

g. The performance of activities required by the Operational Quality Assurance Plan to meet the criteria of Appendix 'B', 10 CFR 50.

h. The radiological environmental monitoring program and the results thereof.

i. The OFFSITE DOSE CALCULATION MANUAL and implementing procedures.

j. The PROCESS CONTROL PROGRAM and implementing procedures for radioactive wastes.

k. Any other area of facility operation considered appropriate by the IOSRG or the ~~Office of the President GPU Nuclear~~ Chief Nuclear Officer.

6.5.3.2 Audits of the following shall be performed under the cognizance of the ~~Vice President~~ department director responsible for technical support.

a. An independent fire protection and loss prevention program inspection and audit shall be performed utilizing either qualified licensee personnel or an outside fire protection firm.

b. An inspection and audit of the fire protection and loss prevention program, by an outside qualified fire consultant.

RECORDS

6.5.3.3 Audit reports encompassed by sections 6.5.3.1 and 6.5.3.2 shall be forwarded for action to the management positions responsible for the areas audited within 30 days after completion of the audit. Upper management shall be informed per the Operation Quality Assurance Plan.

6.5.4 INDEPENDENT ONSITE SAFETY REVIEW GROUP (IOSRG)

STRUCTURE

6.5.4.1 The IOSRG shall be a full-time group of engineers experienced in nuclear power plant engineering, operation and/or technology, independent of the facility staff, and located onsite.

ORGANIZATION

6.5.4.2 a. The IOSRG shall consist of a Manager responsible for Nuclear Safety Assessment and staff members who meet the qualifications of 6.5.4.5. Group expertise shall be multidisciplined.

b. The IOSRG shall report to the Director responsible for ~~Nuclear Safety Assessment~~ nuclear quality assurance.

FUNCTION

6.5.4.3 The periodic review functions of the IOSRG shall include the following on a selective and overview basis:

1) Evaluation for technical adequacy and clarity of procedures important to the safe operation of the facility.

2) Evaluation of facility operations from a safety perspective.

3) Assessment of facility nuclear safety programs.

4) Assessment of the facility performance regarding conformance to requirements related to safety.

5) Any other matter involving safe operation of the nuclear power plant that the manager deems appropriate for consideration.

AUTHORITY

6.5.4.4 The IOSRG shall have access to the facility and facility records as necessary to perform its evaluations and assessments. Based on its reviews, the IOSRG shall provide recommendations to the management positions responsible for the areas reviewed.

QUALIFICATIONS

6.5.4.5 IOSRG engineers shall have either (1) a Bachelor's Degree in Engineering or appropriate Physical Science and three years of professional level experience in the nuclear power field which may include technical supporting functions or (2) eight years of appropriate experience in nuclear power plant operations and/or technology. Credit toward experience will be given for advance degrees on a one-to-one basis up to a maximum of two years.

RECORDS

6.5.4.6 Reports of evaluations and assessments encompassed in Section 6.5.4.3 shall be prepared, approved, and transmitted to the ~~Director and the Corporate Officer~~ director responsible for nuclear ~~safety assessment~~ quality assurance, Vice President ~~-& Director~~ Oyster Creek, the Chief Nuclear Officer, and the management positions responsible for the areas reviewed.

6.6 REPORTABLE EVENT ACTION

6.6.1 The following actions shall be taken for REPORTABLE EVENTS:

a. The Commission shall be notified and a report submitted pursuant to the requirements of Section 50.73 to 10 CFR Part 50; and

b. Each REPORTABLE EVENT shall be reported to the cognizant manager and the cognizant ~~division Vice President~~ department director and the Vice President ~~-& Director~~ Oyster Creek. The functionally cognizant ~~division~~ department staff shall prepare a Licensee Event Report (LER) in accordance with the guidance outlined in 10 CFR 50.73(b). Copies of all such reports shall be submitted to the functionally cognizant ~~Corporate Officer~~ department director and the Vice President ~~-& Director~~ Oyster Creek.

6.7 SAFETY LIMIT VIOLATION

6.7.1 The following actions shall be taken in the event a Safety Limit is violated:

a. If any Safety Limit is exceeded, the reactor shall be shut down immediately until the Commission authorizes the resumption of operation.

b. The Safety Limit violation shall be reported to the Commission and the Vice President ~~-and Director~~ Oyster Creek.

c. A Safety Limit Violation Report shall be prepared. The report shall be submitted to the Vice President ~~-and Director~~ Oyster Creek. This report shall describe (1) applicable circumstances preceding the violation, (2) effects of the violation upon facility components systems or structures, (3) corrective action taken to prevent recurrence.

d. The Safety Limit Violation Report shall be submitted to the Commission within ten days of the violation.

6.8 PROCEDURES AND PROGRAMS

6.8.1 Written procedures shall be established, implemented, and maintained covering the items referenced below:

a. The applicable procedures recommended in Appendix "A" of Regulatory Guide 1.33 as referenced in the ~~GPU Nuclear~~ Oyster Creek Operational Quality Assurance Program.

b. Surveillance and test activities of equipment that affects nuclear safety and radioactive waste management equipment.

c. Refueling Operations.

d. Security Plan Implementation.

e. Fire Protection Program Implementation.

f. Emergency Plan Implementation.

g. Process Control Plan Implementation.

h. Offsite Dose Calculation Manual Implementation.

i. Quality Assurance Program for effluent and environmental monitoring using the guidance in Regulatory Guide 4.15, Revision 1.

j. Plant Staff Overtime pursuant to Technical Specification 6.2.2.2(i), above.

6.8.2 Each procedure required by 6.8.1 above, and substantive changes thereto, shall be reviewed and approved as described in 6.5.1 prior to implementation and shall be reviewed periodically as set forth in administrative procedures.

6.8.3 Temporary changes to procedures of 6.8.1, above, may be made provided:

a. The intent of the original procedure is not altered;

b. The change is approved by two members of ~~GPU Nuclear Management Staff~~ the licensee's management staff qualified in accordance with 6.5.1.14 and knowledgeable in the area affected by the procedure. For changes which may affect the operational status of unit systems or equipment, at least one of these individuals shall be a member of unit management or supervision holding a Senior Reactor Operator's License on the unit.

c. The change is documented, reviewed and approved as described in 6.5.1 within 14 days of implementation.

k. Records of Environmental Qualification which are covered under the provisions for paragraph 6.14.

l. Records of the service lives of all snubbers, including the date which the service life commences, and associated installation and maintenance records.

m. Records of results of analyses required by the Radiological Environmental Monitoring Program.

n. Records of reviews performed for changes made to the OFFSITE DOSE CALCULATION MANUAL and the PROCESS CONTROL PLAN.

o. Records of radioactive shipments

6.10.3 Quality Assurance Records shall be retained as specified by the Quality Assurance Plan.

6.11 RADIATION PROTECTION PROGRAM

Procedures for personnel radiation protection shall be prepared consistent with the requirements of 10 CFR 20 and shall be approved, maintained and adhered to for all operations involving personnel radiation exposure.

6.12 (Deleted)

6.13 HIGH RADIATION AREA

6.13.1 In lieu of the "control device" or "alarm signal" required by Section 20.1601 of 10 CFR 20, each high radiation area in which the intensity of radiation at 30 cm (11.8 in.) is greater than deep dose equivalent of 100 mRem/hr but less than 1,000 mRem/hr shall be barricaded and conspicuously posted as a high radiation area and entrance thereto shall be controlled by requiring issuance of a Radiation Work Permit (RWP).

NOTE: Health Physics personnel shall be exempt from the RWP issuance requirement during the performance of their assigned radiation protection duties, provided they are following plant radiation protection procedures for entry into high radiation areas.

An individual or group of individuals permitted to enter such areas shall be provided with one or more of the following:

a. A radiation monitoring device which continuously indicates the radiation dose rate in the area.

b. A radiation monitoring device which continuously integrates the radiation dose rate in the area and alarms when a pre-set integrated dose is received. Entry into such areas with this monitoring device may be made after the dose rate levels in the area have been established and personnel have been made knowledgeable of them.

c. A health physics qualified individual (i.e., qualified in radiation protection procedures) with a radiation dose rate monitoring device who is responsible for providing positive exposure control over the activities within the area and who will perform periodic radiation surveillance at the frequency in the RWP. The surveillance frequency will be established by the ~~Director~~ management position responsible for radiological controls.

6.17 POST-ACCIDENT SAMPLING

The following program shall be established, implemented, and maintained.

A program has been established which will ensure the capability to obtain and analyze reactor coolant, radioactive iodines and particulates in plant gaseous effluents, and containment atmosphere samples under accident conditions. The program shall include the following:

a. Training of personnel in sampling and analysis.

b. Procedures for sampling and analysis.

c. Provisions for verifying operability of the System.

6.18 PROCESS CONTROL PLAN

a. ~~GPU Nuclear, Inc.~~ Licensee initiated changes to the PCP:

1. Shall be submitted to the NRC in the Annual Radioactive Effluent Release Report for the period in which the changes were made. This submittal shall contain:

a. sufficiently detailed information to justify the changes without benefit of additional or supplemental information;

b. a determination that the changes did not reduce the overall conformance of the solidified waste product to existing criteria for solid wastes; and

c. documentation that the changes have been reviewed and approved pursuant to Section 6.8.2.

2. Shall become effective upon review and approval by ~~GPU Nuclear Management~~ licensee management.

6.19 OFFSITE DOSE CALCULATION MANUAL

a. The ODCM shall be approved by the Commission prior to implementation.

b. ~~GPU Nuclear, Inc.~~ Licensee initiated changes to the ODCM shall be submitted to the NRC in the Annual Radioactive Effluent Release Report for the period in which the changes were made. This submittal shall contain:

1. sufficiently detailed information to justify the changes without benefit of additional or supplemental information;

2. a determination that the changes did not reduce the accuracy or reliability of dose calculations or setpoint determination; and,

3. documentation that the changes have been reviewed and approved pursuant to Section 6.8.2.

c. Change(s) shall become effective upon review and approval by ~~GPU Nuclear Management~~ licensee management.

APPENDIX B

TO OPERATING LICENSE NO. DPR-16

ENVIRONMENTAL TECHNICAL SPECIFICATIONS

FOR

OYSTER CREEK NUCLEAR GENERATING STATION

DOCKET NO. 50-219

OCEAN COUNTY, NEW JERSEY

~~JERSEY CENTRAL POWER & LIGHT COWANY d/Wa~~ AMERGEN ENERGY COMPANY, LLC

~~GPU ENERGY~~

~~GPU NUCLEAR, INC.~~

NOVEMBER 1978*

*Issued to the ASLB on this date; issued by License Amendment No. 37, June 6, 1979.

3.0 ADMINISTRATIVE CONTROL

This section describes administrative and management controls established by the Applicant to provide continuing protection to the environment and to implement the environmental technical specifications.

3.1 Responsibility

Corporate responsibility for implementation of the Oyster Creek Enviromental Technical Specifications and for assuring that plant operations are controlled in such a manner as to provide continuing protection of the environment has been assigned by the ~~Office of the President~~ Chief Nuclear Officer to the Vice President ~~and Director~~ Oyster Creek.

The responsibility for conducting the studies as set forth in Section 1.1 (Non-Radiological Monitoring) and all of Section 2.0 (Special Monitoring and Study Activities) rests with the ~~Director~~ management position responsible for environmental affairs, who reports to the Vice President ~~and Director~~ Oyster Creek.

Administrative measures are defined in Section 3.3 which provide that the individual or group responsible for auditing or otherwise verifying that an activity has been correctly performed is independent of the individual or group responsible for performing the activity.

3.2 Organization

Lines of authority, responsibility and communication shall be established and defined from the highest management levels through intermediate levels to and including operating organization positions. Organizational charts wilt be documented in the Updated FSAR and updated in accordance with 10 CFR 50.71e.

3.3 Review and Audit

Independent audit and review functions for environmental matters are the responsibility of the ~~Director~~ management position responsible for environmental affairs. This department is independent of line responsibility for the operation of the plant. The independent reviews and audits of the OCETS will be carried out by personnel from environmental affairs or by other ~~GPU~~ AmerGen personnel, outside contractors or consultants at the request of the environmental affairs Personnel.

When individuals in the environmental affairs department of ~~GPU Nuclear~~ AmerGen perform any function relating to the OCETS other than independent audit and review, the Vice President ~~and Director of~~ Oyster Creek will ensure that an independent review and audit of that work is performed by another individual in the environmental affairs department or some other who is not directly responsible for the specific activity being reviewed and audited.

The audits and reviews will be performed as required or requested but in no case less than yearly. The results of all reviews and audits will be documented in report directly to the Vice President ~~and Director~~ Oyster Creek.

Independent audits and reviews will encompass:

A. Coordination of the OCETS with the safety technical specifications to avoid conflicts and maintain consistency.

B. Compliance of station activities and operations with the OCETS.

C. Adequacy of the programs and station procedures which are involved in ensuring the plant is operated in accordance with the OCETS.

D. The proper functioning in accordance with the responsibilities listed in Section 3.1 of the OCETS.

E. Proposed changes to the OCETS and the evaluation of the impacts resulting from the changes.

F. Proposed written procedures, as described in Section 3.4.1 and proposed changes thereto which affect the environmental impact of the plant.

G. Proposed changes or modifications to plant systems or equipment and a determination of the environmental impact resulting from the changes.

H. Adequacy of investigations of violations of the OCETS and adequacy of and implementation of the recommendations to prevent recurrence of the violations.

3.4 Procedures

3.4.1 Detailed written procedures, including applicable check lists and instructions, will be prepared and adhered to for all activities involved in carrying out OCETS.

ENCLOSURE 2

SAFETY DETERMINATION OF CONFORMING ADMINISTRATIVE LICENSE AMENDMENTS ASSOCIATED WITH PROPOSED TRANSFER OF OYSTER CREEK LICENSE TO AMERGEN ENERGY COMPANY, LLC

GPU NUCLEAR

SAFETY DETERMINATION AND 50.59 REVIEW

Division/Unit	Oyster Creek	Doc. No.	License Amendment Request No. 271	Rev. No.	0
		SE No.	945100-313	Rev. No.	0
Document/Activity Title	Oyster Creek License Transfer to AmerGen				

This determination form (or equivalent) is required for all documents in Section I and II of the Matrices in corporate procedure 1000-ADM-1291.01:

		Yes	No
1.	Does this document/activity have the potential to result in any environmental concern? If YES, refer to Procedure 1000-ADM-4500.03 and perform an Environmental Determination. If unsure of the potential environmental effects, consult with Environmental Affairs for assistance. If NO, further environmental review is not required.		X
	CONTINUE WITH SAFETY REVIEW PROCESS		
2.	Safety Review Process Applicability		
2a.	Is this a new document or activity or a substantive revision to an existing document? (Refer to Section 2.3 for examples of non-substantive changes. A new document is considered equivalent to a substantive revision.) If YES, proceed to answer Question 2b. If NO, then procedure 1000-ADM-1291.01 is not applicable and documentation of nuclear safety determination is not required. Refer to Section 4.1.5 for further information and guidance.	X	
2b.	Is this document or activity within the nuclear safety scope of Section 2.2? If YES, proceed to answer Question 3. If NO, then Procedure 1000-ADM-1291.01 is not applicable and documentation of nuclear safety determination is not required. Refer to Section 4.1.5 for further information and guidance.	X	
3.*	Does this document or activity have the potential to adversely affect nuclear safety or safe plant operations? (Refer to 4.2)	X	
4.*	Does the document or activity change the design or description of the facility, even temporarily, from that which is contained in the SAR?		X
5.*	Does the document or activity change a procedural or operating description, even temporarily, from that which is contained in the SAR?	X	
6.*	Does the document or activity involve any tests or experiments that are not described in the SAR?		X
7.*	Does this document or activity conflict with the requirements of the plant Technical Specifications?	X	
8.	**Engineering Division Only**: Are the design criteria as outlined in TMI-1 SDD-T1-000 Div. 1 or OC SDD-OC-000 Div. 1 Plant Level Criteria affected by, or do they affect the document/activity? If yes, indicate how resolved in the space below.		

* If any of the answers to Questions 3, 4, 5, 6, or 7 are YES, prepare a written safety evaluation by addressing Items 1-5 of Exhibit 7. If the answers to Questions 3, 4, 5, 6 AND 7 are NO, this precludes the occurrence of the Unreviewed Safety Question or Technical Specification change. Provide written statements which support the determination that no unreviewed Safety Question or Technical Specification change is involved. These written statements shall provide justification for the NO answers to Questions 3, 4, 5, 6, and 7. Specify the Licensing Basis documents and sections which were researched during this review. Use separate sheets for documenting your statements and attach them to this form. Provide page numbers (with this form identified as "Page 1 of __").

PRINT OR TYPE NAME AND SIGN	DATE
Originator/Preparer Ron Zak	10-25-99
Section Manager (optional – not required by procedure)	
Responsible Technical Reviewer Dave Distel	10/25/99
Other Reviewer(s)	

GPU NUCLEAR

SAFETY EVALUATION

Division/Unit Oyster Creek	Doc. No. License Amendment Request No. 271	Rev. No. 0
	SE No. 945100-313	Rev. No. 0
Document/Activity Title: Oyster Creek License Transfer to AmerGen		

The purpose of this Safety Evaluation is to provide the basis for determining whether a document or activity involves an Unreviewed Safety Question, a change to the FSAR, Technical Specifications or an impact on nuclear safety or safe plant operation.

The following items must be answered, and reason(s) for each answer must be provided. A simple statement of conclusion in itself is not sufficient. The scope and depth of each reason should be commensurate with the safety significance and complexity of the proposed change.

		Yes	No
1.	Will implementation of the document or activity adversely affect nuclear safety or safe plant operations?		X
	The following questions comprise the 50.59 considerations and evaluation to determine if an Unreviewed Safety Question exists or if any change to the FSAR or Technical Specifications is required. As a result of this document or activity:		
2.	Is it likely that the probability of occurrence or the consequences of an accident or malfunction of equipment important to safety previously evaluated in the Safety Analysis Report may be increased?		X
	In providing justification for the answer to this question, address any potential increase in each of the following: a. The probability of occurrence of an accident … b. The probability of occurrence of a malfunction of equipment important to safety … c. The consequences of an accident … d. The consequences of a malfunction of equipment important to safety …		
3.	Is there now a possibility that an accident or malfunction of a different type than any evaluated previously in the Safety Analysis Report may be created?		X
	In providing justification for the answer to this question, address the possible creation of each of the following: a. An accident of a different type … b. A malfunction of a different type …		
4.	Is the margin of safety as defined in the basis for any Technical Specification reduced?		X
5.	Is a Technical Specification change required?	X	
	The reasons for answers above constitute a written safety evaluation. Use and attach additional sheets. Provide page numbers and list of effective pages. Indicate SE No. and Rev. No. on each page.		
	If unsure of answer or if a NO answer is not fully justifiable, then the answer must be checked YES. If any answer above is YES, an impact on nuclear safety or an Unreviewed Safety Question exists, or a Technical Specifications change is required. Revise or redesign, or forward to Nuclear Safety Assessment with any additional documentation to support a request for NRC approval prior to implementing approval, (e.g., Technical Specification Change Request.)		
6.	Is an update/revision of the FSAR required? If FSAR change is required, identify PFU or forward to Configuration Control. SE will be forwarded to Configuration Control after ISR sign-off and PRG review.	X	
7.	**Engineering Division Only:** Does the document/activity require a Quality Classification List (QCL) Amendment? If YES, an Engineering Task Tracking System (ETTS) action item shall be issued. (Identify ETTS # _____)		

PRINT OR TYPE NAME AND SIGN	DATE
Originator/Preparer Ron Zak *Ron Zak*	10-25-99
Section Manager (optional – not required by procedure)	
Responsible Technical Reviewer Dave Distel *David J. Distel*	10/25/99
Independent Safety Reviewer Joe Lachenmayer *J. D. Lachenmayer*	10/25/99
Other Reviewer(s)	

List of Effective Pages

Page No.	Revision No.
1	0
2	0
3	0
4	0
5	0
6	0
7	0
8	0

1.0 Purpose

The purpose of this Safety Evaluation is to consider the License Amendment Request No. 271 requested revisions to the Oyster Creek Nuclear Generating Station (OC) Facility Operating License (FOL) No. DPR-16 and the OC Technical Specifications. License Amendment Request No. 271 requests NRC approval of transfer of the OC license to AmerGen.

2.0 System Affected

There are no plant structures, systems or components affected by this license amendment request.

2.1 The following Operating License changes are made:

1) FOL Page 1, Title – replace "GPU Nuclear, Inc. and Jersey Central Power & Light Company d/b/a GPU Energy" with "AmerGen Energy Company, LLC" to reflect change in owner.

2) FOL Page 1, Item 1.A – replace "Jersey Central Power & Light Company* d/b/a GPU Energy" with "the applicant" to reflect change in owner. Also delete associated footnote (*) since it is historical in nature and will no longer apply since it relates directly to the change in owner.

3) FOL Page 2, Item 1.E – replace "GPU Nuclear, Inc." with "AmerGen Energy Company, LLC" to reflect change in owner and operator.

4) FOL Page 2, Item 1.F – replace "Jersey Central Power & Light Company d/b/a GPU Energy" with "AmerGen Energy Company, LLC" to reflect change in owner.

5) FOL Page 2, Item 2 – replace "GPU Nuclear, Inc. and Jersey Central Power & Light Company d/b/a GPU Energy" with "AmerGen Energy Company, LLC" to reflect change in owner and operator.

6) FOL Page 2, Item 2.B – replace "GPU Nuclear, Inc." with "AmerGen Energy Company, LLC" to reflect change in owner and operator.

7) FOL Page 2, Item 2.B.(1) – delete " , and Jersey Central Power & Light Company d/b/a GPU Energy to possess the Oyster Creek Nuclear Generating Station," to reflect change in owner.

8) FOL Page 3, Item 2.C.(1), (2), (3) – replace "GPU Nuclear, Inc." with "AmerGen Energy Company, LLC" to reflect change in operator.

2.2 The following Technical Specification changes are made:

Appendix A

1) Appendix A Title Page – replace "Jersey Central Power & Light Company d/b/a GPU Energy GPU Nuclear" with "AmerGen Energy Company, LLC" to reflect change in owner and operator.

2) Page 1.0-6, Definition Section 1.35 – replace "GPU Nuclear" with "AmerGen Energy Company, LLC" to reflect change in operator.

3) Page 1.0-7, Definition Section 1.38 – replace "GPU" with "AmerGen Energy Company, LLC" to reflect change in owner and operator.

4) Page 6-1, Items 6.1.1 and 6.2.2.1 – delete "& Director" (in four places) to reflect the AmerGen organizational structure. This change maintains an equivalent or higher level of authority for this activity.

5) Page 6-1, Item 6.2.1.3 – replace "President GPU Nuclear" with "Chief Nuclear Officer" to reflect the AmerGen organizational structure. This change maintains an equivalent or higher level of authority for this activity.

6) Page 6-3, Item 6.5.1 – replace "Corporate Officers of GPU Nuclear, Inc." with "director of each department" and also delete "GPU Nuclear" to reflect the AmerGen organizational structure and change in owner. These changes maintain an equivalent or higher level of authority for this activity.

7) Page 6-4, Items 6.5.1.7 and 6.5.1.10 – delete "& Director" (in two places) to reflect the AmerGen organizational structure. This change maintains an equivalent or higher level of authority for this activity.

8) Page 6-5, Item 6.5.2.1 – replace "Corporate Officers of GPU Nuclear, Inc." with "director of each department" to reflect the AmerGen organizational structure and change in owner. This change maintains an equivalent or higher level of authority for this activity.

9) Page 6-5, Item 6.5.2.3 – replace "GPU Nuclear, Inc." with "the licensee" to reflect change in operator.

10) Page 6-5, Item 6.5.2.4 – replace "Corporate Officer" with "department director" to reflect the AmerGen organizational structure. This change maintains an equivalent or higher level of authority for this activity.

11) Page 6-6, Item 6.5.2.7 – replace "Corporate Officer" with "department director and the Vice President – Oyster Creek" to reflect the AmerGen organizational structure. This change maintains an equivalent or higher level of authority for this activity.

12) Page 6-7, Item 6.5.3.1.k – replace "Office of the President GPU Nuclear" with "Chief Nuclear Officer" to reflect the AmerGen organizational structure. This change maintains an equivalent level of commitment for this activity.

13) Page 6-7, Item 6.5.3.2 – replace "Vice President" with "department director" to reflect the AmerGen organizational structure. This change maintains an equivalent level of commitment for this activity.

14) Page 6-8, Item 6.5.4.2.b – replace "Nuclear Safety Assessment" with "nuclear quality assurance" to reflect the AmerGen organizational structure. This change maintains an equivalent level of commitment for this activity.

15) Page 6-9, Item 6.5.4.6 – replace "Director and the Corporate Officer" with "director"; replace "safety assessment" with "quality assurance"; and replace "Vice President & Director Oyster Creek, and" with "Vice President - Oyster Creek, the Chief Nuclear Officer, and" to reflect the AmerGen organizational structure. These changes maintain an equivalent level of commitment for this activity.

16) Page 6-9, Item 6.6.1.b – replace "division Vice President" with "department director"; delete "& Director" (in two places); replace "cognizant division" with "cognizant department"; and replace "Corporate Officer" with "department director" to reflect the AmerGen organizational structure. These changes maintain an equivalent level of commitment for this activity.

17) Page 6-9, Items 6.7.1.b and 6.7.1.c – delete "& Director" (in two places) to reflect the AmerGen organizational structure. This change maintains an equivalent level of commitment for these activities.

18) Page 6-10, Item 6.8.1.a – replace "GPU Nuclear" with "Oyster Creek" to reflect change in operator.

19) Page 6-10, Item 6.8.3.b – replace "GPU Nuclear Management Staff" with "the licensee's management staff" to reflect change in operator.

20) Page 6-18, Item 6.13.1.c – replace "Director" with "management position" to reflect AmerGen organizational structure.

21) Page 6-20, Items 6.18.a and 6.19.b – replace "GPU Nuclear, Inc." with "Licensee" (in two places) to reflect change in operator.

22) Page 6-20, Items 6.18.a.2 and 6.19.c – replace "GPU Nuclear Management" with "licensee management" (in two places) to reflect change in operator.

Appendix B

23) Appendix B Title Page – replace "Jersey Central Power & Light Company d/b/a GPU Energy GPU Nuclear" with "AmerGen Energy Company, LLC" to reflect change in owner and operator.

24) Page 3-1, Item 3.1 – replace "Office of the President" with "Chief Nuclear Officer"; delete "and Director" (in two places); and replace "the Director responsible" with "the management position responsible" to reflect the AmerGen organizational structure.

25) Page 3-1, Item 3.3 – replace "the Director responsible" with "the management position responsible" and replace "GPU" with "AmerGen" to reflect the AmerGen organizational structure.

26) Page 3-2, Item 3.3 – replace "GPU Nuclear" with "AmerGen"; delete "and Director of"; and delete "and Director" to reflect the AmerGen organizational structure.

3.0 Effects on Safety

3.1 The proposed license and Technical Specification changes are administrative in nature. These changes identify the new owner and operator of OC, and reflect the AmerGen organizational structure. These changes are considered editorial since the proposed changes ensure an equivalent level of authority and independence where appropriate. No physical changes will be made, there will be no meaningful change in the day-to-day operations of OC, and personnel will meet all existing qualification requirements in accordance with the Oyster Creek license and Technical Specifications. Therefore, this change does not adversely affect nuclear safety or safe plant operations.

3.2 The proposed license and Technical Specification changes do not increase the probability of occurrence or the consequences of an accident or malfunction of equipment important to safety previously evaluated in the SAR. The proposed changes are administrative and have no direct effect on any plant systems. All Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications remain unchanged. The proposed changes do not effect any accident conditions or assumptions. Therefore, the change has no effect on the probability of occurrence or consequences of an accident or malfunction of equipment important to safety previously evaluated in

the SAR.

3.3 The proposed license and Technical Specification changes do not create the possibility of an accident or malfunction of a different type than any evaluated previously in the SAR. The proposed changes do not introduce any new accident initiators or assumptions. The proposed changes are administrative and have no effect on any plant systems. Therefore, this change does not create the possibility of a new or different kind of accident or malfunction from any previously evaluated in the SAR.

3.4 The proposed license and Technical Specification changes do not reduce the margin of safety as defined in the basis for any Technical Specification. The proposed changes do not involve changes to the initial conditions contributing to accident severity or consequences. The proposed changes are administrative and have no direct effect on any plant systems. Therefore, this change does not reduce any margin of safety as defined in the basis of any Technical Specification.

3.5 The proposed Appendix B Environmental Technical Specification changes do not require an evaluation of the environmental impact and/or a supporting benefit cost analysis in accordance with Appendix B Technical Specification 3.5.3.B since the proposed changes are administrative and have no direct effect on any plant systems or the environment.

4.0 Conclusion

Implementation of the proposed license and Technical Specification changes does not adversely affect nuclear safety or safe plant operations and does not constitute an unreviewed safety question. The proposed change is a license and Technical Specification change and thereby requires NRC review and approval prior to implementation.

ENCLOSURE 3

OYSTER CREEK PURCHASE AND SALE AGREEMENT BY AND AMONG GPU NUCLEAR INC. AND JERSEY CENTRAL POWER & LIGHT COMPANY, AS SELLERS, AND AMERGEN ENERGY COMPANY, LLC, AS BUYER, DATED OCTOBER 15, 1999 (NON-PROPRIETARY VERSION)

OYSTER CREEK NUCLEAR GENERATING STATION

PURCHASE AND SALE AGREEMENT

BY AND AMONG

GPU NUCLEAR, INC.,

JERSEY CENTRAL POWER & LIGHT COMPANY, as SELLERS,

and

AMERGEN ENERGY COMPANY, L.L.C., as BUYER

Dated as of October 15, 1999

PORTIONS OF THE TEXT IN THIS DOCUMENT HAVE BEEN REDACTED BECAUSE THEY CONTAIN CONFIDENTIAL INFORMATION WITHHELD FROM PUBLIC DISCLOSURE PURSUANT TO 10 CFR §§ 2.790 AND 9.17(a)(4)

TABLE OF CONTENTS

LIST OF EXHIBITS AND SCHEDULES

EXHIBITS

SCHEDULES

4.14(b)	List of Material Permits (other than Transferable Permits)
4.15(a)	NRC Violations
4.15(b)	NRC Licenses
4.16	Tax Matters
4.20	Qualified Decommissioning Trust Fund
4.21	Non-Qualified Decommissioning Trust Fund
4.22	Undisclosed Liabilities
5.3(a)	Third Party Consents
5.3(b)	Buyer's Required Regulatory Approvals
6.1	Schedule of Permitted Activities prior to Closing
6.2(i)	Initial Buyer's Environmental Inspection
6.8	Tax Appeals
6.10(a)(i)	Schedule of Union Employees
6.10(b)	Schedule of Non-Union Employees
6.10(d)	Collective Bargaining Agreements
6.10(h)	Schedule of Severance Benefits
6.15	Pollution Control Revenue Bonds
6.17	Outage Plan
7.1(p)	Operational Recovery Work
10.14	Zoning
10.15	Sewage Matters

PURCHASE AND SALE AGREEMENT

PURCHASE AND SALE AGREEMENT, dated as of October 15, 1999, by and among GPU Nuclear, Inc. a New Jersey corporation ("GPUN"), Jersey Central Power & Light Company, a New Jersey corporation ("JCP&L") (GPUN and JCP&L are each referred to as a "Seller" collectively referred to as "Sellers"), and AmerGen Energy Company, L.L.C., a Delaware limited liability company ("Buyer"). Sellers and Buyer are referred to individually as a "Party," and collectively as the "Parties."

W I T N E S S E T H

WHEREAS, JCP&L owns the Plant (as defined herein), Purchased Assets (as defined herein) and certain facilities and other assets associated therewith and ancillary thereto;

WHEREAS, GPUN is responsible for the daily operations of the Plant for JCP&L; and

WHEREAS, Buyer desires to purchase, and JCP&L desires to sell, the Purchased Assets upon the terms and conditions hereinafter set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms have the meanings specified in this Section 1.1.

(1) "Affiliate" has the meaning set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934.

(2) "Agreement" means this Purchase and Sale Agreement together with the Schedules and Exhibits hereto, as the same may be from time to time amended.

(3) "Ancillary Agreements" means the Interconnection Agreement, the Reciprocal Services Agreement, the Power Purchase Agreement, the EOF Lease, the Remote Assembly Area Access Agreement and the SBO Service Agreement, as the same may be from time to time amended.

(4) "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement between Sellers and Buyer substantially in the form of Exhibit A hereto, by which Sellers shall, subject to the terms and conditions hereof, assign Sellers' Agreements, the Real Property Leases, Transferable Permits, certain intangible assets and other Purchased Assets to Buyer and whereby Buyer shall assume the Assumed Liabilities.

(5) "Assumed Liabilities" has the meaning set forth in Section 2.3.

(6) "Atomic Energy Act" means the Atomic Energy Act of 1954, as amended.

(7) "Benefit Plans" has the meaning set forth in Section 4.9.

(8) "Bill of Sale" means the Bill of Sale, substantially in the form of Exhibit B hereto, to be delivered at the Closing, with respect to the Tangible Personal Property included in the Purchased Assets transferred to Buyer at the Closing.

(9) "Business Day" shall mean any day other than Saturday, Sunday and any day on which banking institutions in the State of New York are authorized by law or other governmental action to close.

(10) "Buyer Benefit Plans" has the meaning set forth in Section 6.10(f).

(11) "Buyer NQF" means the external trust fund not meeting the requirements of section 468A of the Code and Treas. Reg. §1.468A-5, that will be maintained by Buyer with respect to the Plant after the Closing pursuant to the Post-Closing Decommissioning Trust Agreement.

(12) "Buyer Indemnitee" has the meaning set forth in Section 8.1(b).

(13) "Buyer Material Adverse Effect" has the meaning set forth in Section 5.3(a).

(14) "Buyer Required Regulatory Approvals" has the meaning set forth in Section 5.3(b).

(15) "Buyer QF" means the external trust fund meeting the requirements of section 468A of the Code and Treas. Reg. § 1.468A-5, that will be maintained by Buyer with respect to the Plant after the Closing pursuant to the Post-Closing Decommissioning Trust Agreement.

(16) "Buyer's Environmental Inspection" has the meaning set forth in Section 6.2(i).

(17) "Capital Expenditures" has the meaning set forth in Section 3.3(a)(ii).

(18) [redacted]

(19) "CERCLA" means the Federal Comprehensive Environmental Response, Compensation, and Liability Act, as amended.

(20) "Class I Assets" shall have the meaning set forth in Temp. Treas. Reg. § 1.1060-IT(d)(1).

(21) "Closing" has the meaning set forth in Section 3.1.

(22) "Closing Adjustment" has the meaning set forth in Section 3.3(b).

(23) "Closing Date" has the meaning set forth in Section 3.1.

(24) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(25) "Code" means the Internal Revenue Code of 1986, as amended.

(26) "Collective Bargaining Agreement" has the meaning set forth in Section 6.10(d).

(27) "Commercially Reasonable Efforts" means efforts which are reasonably necessary to cause, or assist in, the consummation of the transactions contemplated by, this Agreement and which do not require the performing Party to expend funds, incur expenses or assume liabilities other than those which are reasonable in nature and amount in the context of the transactions contemplated by this Agreement in order for the performing Party to satisfy its obligations hereunder.

(28) "Confidentiality Agreement" means the Confidentiality Agreement, dated March 29, 1999, by and between Sellers and Buyer.

(29) "Decommissioning" means the complete retirement and removal of the Plant from service and the restoration of the Site, as well as any planning and administrative activities incidental thereto, including but not limited to (a) the dismantlement, decontamination, storage, and/or entombment of the Plant, in whole or in part, and any reduction or removal, whether before or after termination of the NRC license for the Plant, of radioactivity at the Site, and (b) all activities necessary for the retirement, dismantlement and decontamination of the Plant to comply with all applicable requirements of the Atomic Energy Act and the NRC's rules, regulations, orders and pronouncements thereunder, the NRC Operating License for the Plant and any related decommissioning plan.

(30) "Decommissioning Trust Funds" means the Seller Qualified Decommissioning Trust Fund and the Seller Nonqualified Decommissioning Trust Fund, collectively.

(31) "Decommissioning Indenture" means the Indenture and Second Amendment to Indenture dated October 25, 1990 regarding the Seller Qualified Decommissioning Trust Fund and the Seller Nonqualified Decommissioning Trust Fund between JCP&L and Bank of New York, as amended.

(32) "Department of Energy" or "DOE" means the United States Department of Energy and any successor agency thereto.

(33) "Department of Energy Decommissioning and Decontamination Fees" means all fees related to the Department of Energy's Special Assessment of utilities for the Uranium Enrichment Decontamination and Decommissioning Trust Fund pursuant to Sections 1801, 1802 and 1803 of the Atomic Energy Act and the Department of Energy's implementing regulations at 10 CFR Part 766, or any similar fees assessed under amended or superseding statutes or regulations applicable to separative work units purchased from the Department of Energy in order to decontaminate and decommission the Department's gaseous diffusion enrichment facilities.

(34) "Direct Claim" has the meaning set forth in Section 8.2(c).

(35) "Easements" means, with respect to the Purchased Assets, the easements and access rights to be granted pursuant to the Easement Agreement and the Interconnection Agreement, including, without limitation, easements authorizing access, use, maintenance, construction, repair, replacement and other activities, as further described in the Easement Agreement and the Interconnection Agreement.

(36) "Easement Agreement" means the Easement Agreement between JCP&L and Sithe, whereby Buyer will be provided with certain Easements with respect to the Real Property being transferred to Buyer and the adjacent Forked River site sufficient to operate the Plant substantially as currently operated.

(37) "18R Outage" has the meaning set forth in Section 6.17(a).

(38) "Emission Allowance" means all present and future authorizations to emit specified units of pollutants or Hazardous Substances, which units are established by the Governmental Authority with jurisdiction over the Plant under (i) an air pollution control and emission reduction program designed to mitigate global warming, interstate or intra-state transport of air pollutants; (ii) a program designed to mitigate impairment of surface waters, watersheds, or groundwater; or (iii) any pollution reduction program with a similar purpose. Emission Allowances include allowances, as described above, regardless as to whether the Governmental Authority establishing such Emission Allowances designates such allowances by a name other than "allowances."

(39) "Emission Reduction Credits" means credits, in units that are established by the Governmental Authority with jurisdiction over the Plant that have obtained the credits, resulting from reductions in the emissions of air pollutants from an emitting source or facility (including, without limitation, and to the extent allowable under applicable law, reductions from shut-downs or control of emissions beyond that required by applicable law) that: (i) have been identified by the NJDEP as complying with applicable New Jersey law governing the establishment of such credits (including, without limitation, that such emissions reductions are enforceable, permanent, quantifiable and surplus) and listed in the Emissions Reduction Credit Registry maintained by the NJDEP or with respect to which such identification and listing are pending; or (ii) have been certified by any other applicable Governmental Authority as complying with the law and regulations governing the establishment of such credits (including, without limitation, certification that such emissions reductions are enforceable, permanent, quantifiable and surplus). The term includes Emission Reduction Credits that have been approved by the NJDEP and are awaiting USEPA approval. The term also includes certified air emissions reductions, as described above, regardless as to whether the Governmental Authority certifying such reductions designates such certified air emissions reductions by a name other than "emission reduction credits."

(40) "Encumbrances" means any mortgages, pledges, liens, security interests, conditional and installment sale agreements, activity and use limitations, conservation or other easements, deed restrictions, encumbrances and charges of any kind.

(41) "Energy Reorganization Act" means the Energy Reorganization Act of 1974, as amended.

(42) "Environmental Claim" means any and all pending and/or threatened administrative or judicial actions, suits, orders, claims, liens, notices, notices of violations, investigations, complaints, requests for information, proceedings, or other written communication, whether criminal or civil, pursuant to or relating to any applicable Environmental Law by any person (including, but not limited to, any Governmental Authority, private person and citizens' group) based upon, alleging, asserting, or claiming any actual or potential (a) violation of, or liability under any Environmental Law, (b) violation of any Environmental Permit, or (c) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from, or related to the presence, Release, or threatened Release into the environment of any Hazardous Substances at any location related to the Purchased Assets, including, but not limited to, any off-Site location to which Hazardous Substances, or materials containing Hazardous Substances, were sent for handling, storage, treatment, or disposal.

(43) "Environmental Condition" means the presence or Release to the environment, whether at the Site or at an off-Site location, of Hazardous Substances, including any migration of those Hazardous Substances through air, soil or groundwater to or from the Site or any off-Site location regardless of when such presence or Release occurred or is discovered.

(44) "Environmental Laws" means all applicable Federal, state and local, provincial and foreign, civil and criminal laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders relating to pollution or protection of the environment, natural resources or human health and safety, including, without limitation, laws relating to Releases or threatened Releases of Hazardous

Substances (including, without limitation, Releases to ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport, disposal or handling of Hazardous Substances. "Environmental Laws" include, without limitation, CERCLA, the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), the New Jersey Water Pollution Control Act, (N.J.S.A. 58:10-23.11 et seq.), the Spill Compensation and Control Act (N.J.S.A. 13:1E-1 et seq.), the Solid Waste Management Act (N.J.S.A. 58:4A-4.1 et seq.), the Subsurface and Percolating Waters Act (N.J.S.A. 13:1K-6 et seq.), the Industrial Site Recovery Act (N.J.S.A. 13:1k-6 et seq.), the Brownfield and Contaminated Site Remediation Act (N.J.S.A. 58:10 B-1) and all applicable other state laws analogous to any of the above. Notwithstanding the foregoing, Environmental Laws do not include the Atomic Energy Act, NRC rules, regulations and orders promulgated or issued thereunder, or the Energy Reorganization Act and applicable regulations thereunder.

(45) "Environmental Permits" has the meaning set forth in Section 4.7(a).

(46) "Environmental Reports" has the meaning set forth in Section 4.7.

(47) "EOF Facility" means the Emergency Operations Facility used in connection with the Plant and located at JCP&L's premises in Lakewood, New Jersey.

(48) "EOF Lease" means the agreement pursuant to which JCP&L will lease the EOF Facility to Buyer for use in connection with Plant emergencies consistent with the general terms and conditions set forth in Schedule 1.1(48).

(49) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(50) "ERISA Affiliate" has the meaning set forth in Section 2.4(n).

(51) "ERISA Affiliate Plans" has the meaning set forth in Section 2.4(n).

(52) "Estimated Adjustment" has the meaning set forth in Section 3.3(b).

(53) "Estimated Closing Statement" has the meaning set forth in Section 3.3(b).

(54) "Excluded Assets" has the meaning set forth in Section 2.2.

(55) "Excluded Liabilities" has the meaning set forth in Section 2.4.

(56) "FERC" means the Federal Energy Regulatory Commission or any successor agency thereto.

(57) "FIRPTA Affidavit" means the Foreign Investment in Real Property Tax Act Certification and Affidavit, substantially in the form of Exhibit C hereto.

(58) "Good Utility Practices" mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry as good practices applicable to nuclear generating facilities of similar design, size and capacity or any of the practices, methods or activities which, in the exercise of reasonable judgment by a prudent nuclear operator in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition and applicable law. Good Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the electric utility industry.

(59) "Governmental Authority" means any federal, state, local or other governmental, regulatory or administrative agency, commission, department, board, or other governmental

subdivision, court, tribunal, arbitrating body or other governmental authority.

(60) "GPU" means GPU, Inc., a Pennsylvania corporation and parent company of Sellers.

(61) "GPUN" means GPU Nuclear, Inc., a New Jersey corporation and a wholly-owned subsidiary of GPU.

(62) "Hazardous Substances" means (a) any petrochemical or petroleum products, coal ash, oil, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid which may contain levels of polychlorinated biphenyls; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law; excluding, however, any "source", "special nuclear" and "by product" material, as such terms are defined in and to the extent regulated under the Atomic Energy Act.

(63) "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(64) "Income Tax" means any federal, state, local or foreign Tax (a) based upon, measured by or calculated with respect to net income, profits or receipts (including, without limitation, capital gains Taxes and minimum Taxes) or (b) based upon, measured by or calculated with respect to multiple bases (including, without limitation, corporate franchise taxes) if one or more of the bases on which such Tax may be based, measured by or calculated with respect to, is described in clause (a), in each case together with any interest, penalties, or additions to such Tax.

(65) "Indemnifiable Loss" has the meaning set forth in Section 8.1(a).

(66) "Indemnifying Party" has the meaning set forth in Section 8.1(d).

(67) "Indemnitee" has the meaning set forth in Section 8.1(c)(i).

(68) "Independent Accounting Firm" means such independent accounting firm of national reputation as is mutually appointed by Sellers and Buyer.

(69) "Inspection" means all tests, reviews, examinations, inspections, investigations, verifications, samplings and similar activities conducted by Buyer or its agents or Representatives with respect to the Purchased Assets.

(70) "Intellectual Property" means all patents and patent rights, trademarks and trademark rights, copyrights and copyright rights owned by Sellers and necessary for the operation and maintenance of the Purchased Assets, and all pending applications for registrations of patents, trademarks, and copyrights, as set forth on Schedule 2.1(l).

(71) "Interconnection Agreement" means the Interconnection Agreement, between JCP&L and Buyer, the form of which is attached as Exhibit D hereto, under which JCP&L will provide Buyer with interconnection service to JCP&L's transmission facilities and whereby Buyer will provide Sellers with continuing access to certain of the Purchased Assets after the Closing Date.

(72) "Inventories" means nuclear fuel or alternative fuel inventories, materials, spare parts, consumable supplies and chemical and gas inventories relating to the operation of the Plant located at, or in transit to, the Plant.

(73) "IRS" means the United States Internal Revenue Service or any successor agency thereto.

(74) "ISFSI" means the Independent Spent Fuel Storage Installation currently installed at the Plant.

(75) "ISRA" means the New Jersey Industrial Site Recovery Act, as amended.

(76) "ISRA Termination Date" has the meaning as set forth in Section 9.1(j).

(77) "Knowledge" means the actual knowledge of the corporate officers or managerial representatives of the specified Person charged with responsibility for the particular function, after reasonable inquiry by them of selected employees of such Person whom they believe, in good faith, to be the persons responsible for the subject matter of the inquiry.

(78) "Material Adverse Effect" means any change (or changes taken together) in, or effect on, the Purchased Assets that is materially adverse to the operations or condition (financial or otherwise) of the Purchased Assets, taken as a whole, other than any change (or changes taken together) generally affecting the international, national, regional or local electric industry as a whole and not affecting the Purchased Assets or the Parties in any manner or degree significantly different than the industry as a whole, including changes in local wholesale or retail markets for electric power; national, regional or local electric transmission systems or operations thereof, and any change or effect resulting from action or inaction by a Governmental Authority with respect to an independent system operator or retail access in New Jersey.

(79) "Mortgage Indenture" means the mortgage originally granted to City Bank Farmer's Trust Company by JCP&L, dated as of March 1, 1946, as amended and supplemented.

(80) "NJBPU" means the New Jersey Board of Public Utilities and any successor agency thereto.

(81) "NJDEP" means the New Jersey Department of Environmental Protection and any successor agency thereto.

(82) "Non-Union Employees" has the meaning as set forth in Sections 6.10(b) and (l).

(83) "NYPSC" means the New York Public Service Commission and any successor agency thereto.

(84) "Nonqualified Decommissioning Trust Fund" means an external trust fund that does not meet the requirements of Code section 468A and Treas. Reg. § 1.468A-5.

(85) "NRC" means the United States Nuclear Regulatory Commission and any successor agency thereto.

(86) "Nuclear Laws" means all Federal, state, and local civil and criminal laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, to the extent enforceable against Sellers and applicable to the Purchased Assets, relating to the regulation of commercial nuclear power plants, Source Material, Byproduct Material and Special Nuclear Materials; the regulation of Low-Level Radioactive Waste and High-Level Radioactive Waste; the transportation and storage of such Nuclear Materials; the regulation of the Safeguards Information; the regulation of nuclear fuel; the enrichment of uranium; and the disposal and storage of High-Level Radioactive Waste and Spent Nuclear Fuel, including contracts therefor and payments into the Nuclear Waste Fund; but shall not include Environmental Laws. "Nuclear Material" means Source Material, Special Nuclear Material, Byproduct Material, Low-Level Radioactive Waste, High-Level Radioactive Waste, and Spent Nuclear Fuel. As used herein, the terms "Source Material," "Special Nuclear Material," "Byproduct Material," "Low-Level Radioactive Waste," "High-Level Radioactive Waste," "Spent Nuclear Fuel" and "Safeguards Information" have the meanings ascribed to them in the regulations of the NRC. To the extent that they govern this subject matter, "Nuclear Laws" include the Atomic Energy Act of 1954, as amended (42 U.S.C. § 2011 *et seq.*), the Price-Anderson Act (§ 170 of the Atomic Energy Act of 1954, as amended); the Energy Reorganization Act of 1974 (42 U.S.C. § 5801 *et seq.*); Convention on the Physical Protection of Nuclear Material Implementation Act of 1982 (Public Law 97 - 351; 96 Stat. 1663); the Nuclear Non-Proliferation Act of 1978 (22 U.S.C. § 3201) the Low-Level Radioactive Waste Policy Act (42 U.S.C. § 2021b *et seq.)*; the Nuclear Waste Policy Act, *(42 U.S.C.* § 10101 *et seq.*, as amended); the Low-Level Radioactive Waste Policy Amendments Act of 1985 (42 U.S.C. § 2021d, 471); and the Energy Policy Act of 1992 (4 U.S.C. § 13201 *et seq.*) and any applicable and enforceable state or local laws analogous to the foregoing.

(87) "Nuclear Waste Policy Act" means the Nuclear Waste Policy Act of 1982, as amended.

(88) "Operational Recovery Work" has the meaning set forth in Section 7.1(p).

(89) "Outage Plan" has the meaning set forth in Section 6.17(a).

(90) "Outage Cost Cap" has the meaning set forth in the Outage Plan.

(91) "Outage Costs" means the costs, including additional nuclear fuel costs, associated with the 18R Outage and as set forth in the Outage Plan, as the same may be amended from time to time in accordance with the Outage Plan.

(92) "PaPUC" means the Pennsylvania Public Utility Commission and any successor agency thereto.

(93) "Parent Guaranty" means the agreement in the form of which is attached as Exhibit G hereto, separately executed by each of PECO Energy Company and British Energy, plc, severally guarantying the full and timely performance by Buyer of its obligations under this Agreement, including, but not limited to Buyer's obligations under Section 6.17.

(94) "PBGC" means the Pension Benefit Guaranty Corporation.

(95) "Permits" has the meaning set forth in Section 4.14.

(96) "Permitted Encumbrances" means: (i) the Easements; (ii) those Encumbrances set forth in Schedule 1.1(96); (iii) statutory liens for Taxes or other governmental charges or assessments not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings provided that the aggregate amount for all Purchased Assets being so contested does not exceed $250,000; (iv) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of Sellers or the validity of which are being contested in good faith, and which do not, individually or in the aggregate with respect to all Purchased Assets exceed $250,000; (v) zoning,

entitlement, conservation restriction and other land use and environmental regulations by Governmental Authorities; and (vi) such other imperfections in title and restrictions which do not materially, individually or in the aggregate, detract from the value of the Purchased Assets as currently used or unreasonably interfere with the present use of the Purchased Assets and neither secure indebtedness, nor individually or in the aggregate create a Material Adverse Effect.

(97) "Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, or governmental entity or any department or agency thereof.

(98) "PJM" means the Pennsylvania-New Jersey-Maryland Interconnection, LLC.

(99) "Plant" means the Oyster Creek 619 megawatt boiling water nuclear generating station located in Lacey Township, New Jersey and identified in NRC Operating License No. DPR-16, Docket No. 50-219 and related assets as described in Section 2.1.

(100) "Pollution Control Revenue Bonds" means the outstanding bonds listed on Schedule 6.15, but excluding any bonds issued in connection with the refinancing or refunding thereof.

(101) "Post-Closing Decommissioning Trust Agreement" means the trust agreement between Buyer and a trust company to be designated by Buyer, as Trustee, establishing the Buyer QF and the Buyer NQF.

(102) "Post-Closing Adjustment" has the meaning set forth in Section 3.3(c).

(103) "Post-Closing Statement" has the meaning set forth in Section 3.3(c).

(104) "Power Purchase Agreement" means the agreement between JCP&L and Buyer, a copy of which is attached as Exhibit E hereto, executed on the date hereof, relating to the sale of installed capacity and associated energy to JCP&L for a specified period of time following the Closing Date.

(105) "Proprietary Information" of a Party means all information about the Party or its Affiliates, including their respective properties or operations, furnished to the other Party or its Representatives by the Party or its Representatives, after the date hereof, regardless of the manner or medium in which it is furnished, including information provided to a Party pursuant to the Confidentiality Agreement. In addition, after the Closing Date, Proprietary Information includes any non-public information regarding the Purchased Assets or the transactions contemplated by this Agreement. Proprietary Information does not include information that: (a) is or becomes generally available to the public (other than as a result of a disclosure by the other Party or its Representatives in violation of a confidentiality agreement); (b) was available to the other Party on a nonconfidential basis prior to its disclosure by the Party or its Representatives; (c) becomes available to the other Party on a nonconfidential basis from a person, other than the Party or its Representatives, who is not otherwise bound by a confidentiality agreement with the Party or its Representatives, or is not under any obligation to the Party or any of its Representatives not to transmit the information to the other Party or its Representatives; or (d) is independently developed by the other Party.

(106) "Purchased Assets" has the meaning set forth in Section 2.1.

(107) "Purchase Price" has the meaning set forth in Section 3.2.

(108) "Qualified Decommissioning Trust Fund" means an external trust fund that meets the requirements of section 468A of the Code and Treas. Reg. § 1.468A-5.

(109) "Real Property" has the meaning set forth in Section 2.1(a).

(110) "Real Property Leases" has the meaning set forth in Section 4.6.

(111) "Reciprocal Services Agreement" means the agreement between Sellers and Buyer, a copy of which is attached as Exhibit F hereto, executed on the date hereof, relating to

Buyer's performance of certain management and consulting services relating to the 18R Outage and Sellers' performance of certain administrative and other services after the Closing.

(112) "Release" means release, spill, leak, discharge, dispose of, pump, pour, emit, empty, inject, leach, dump or allow to escape into or through the environment.

(113) "Remediation" means action of any kind to address a Release, threatened Release or the presence of Hazardous Substances at a Site or an off-Site location including, without limitation, any or all of the following activities to the extent they relate to or arise from the presence of a Hazardous Substance at a Site or an off-Site location: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction over a Site or an off-Site location under Environmental Laws that no material additional work is required by such Governmental Authority; (e) the use, implementation, application, installation, operation or maintenance of removal actions on a Site or an off-Site location, remedial technologies applied to the surface or subsurface soils, excavation and off-Site treatment or disposal of soils, systems for long term treatment of surface water or ground water, engineering controls or institutional controls; and (f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws to address the presence or Release of Hazardous Substances at a Site or an off-Site location.

(114) "Remediation Agreement" means an agreement between a Party and the NJDEP providing for the Remediation of all or a portion of the Purchased Assets in a manner necessary to comply with ISRA.

(115) "Remote Assembly Area" means the Site Evacuation and Personnel Mustering facility used in connection with the Plant and located at the GPU Energy, Berkley Operations Headquarters on Route 530 in Berkeley Township, New Jersey.

(116) "Remote Assembly Area Access Agreement" means the agreement to be executed by the Parties giving Buyer access and use rights to the Remote Assembly Area in connection with Plant emergencies consistent with the general terms and conditions set forth in Schedule 1.1(116).

(117) "Replacement Welfare Plans" has the meaning set forth in Section 6.10(e).

(118) "Representatives" of a Party means the Party's Affiliates and their directors, officers, employees, agents, partners, advisors (including, without limitation, accountants, counsel, environmental consultants, financial advisors and other authorized representatives) and parents and other controlling persons.

(119) "SEC" means the Securities and Exchange Commission and any successor agency thereto.

(120) "Seller Nonqualified Decommissioning Trust Fund" means the external trust fund maintained by JCP&L and designated as a Nonqualified Decommissioning Trust Fund with respect to the Plant prior to Closing pursuant to the Decommissioning Indenture.

(121) "Seller Qualified Decommissioning Trust Fund" means the external trust fund maintained by JCP&L and designated as a Qualified Decommissioning Trust Fund with respect to the Plant prior to Closing pursuant to the Decommissioning Indenture.

(122) "Sellers' Agreements" means those contracts, agreements, licenses and leases relating to the ownership, operation and maintenance of the Plant and being assigned to Buyer as part of the Purchased Assets, as more particularly described in Section 4.12.

(123) "Sellers' Indemnitee" has the meaning set forth in Section 8.1(a).

(124) "Sellers' Required Regulatory Approvals" has the meaning set forth in Section 4.3(b).

(125) "Settlement Agreement" means the Settlement Agreement effective as of September 1, 1994 between Sellers and

GPU, on the one hand, and General Electric Company, on the other hand.

(126) "Site" means, with respect to the Plant, the Real Property (including improvements) forming a part of, or used or usable in connection with the operation of, the Plant, including any disposal sites included in the Real Property. Any reference to the Site shall include, by definition, the surface and subsurface elements, including the soils and groundwater present at the Site, and any reference to items "at the Site" shall include all items "at, on, in, upon, over, across, under and within" the Site.

(127) "Sithe" means Sithe Energies, Inc., a Delaware corporation, or any Affiliate thereof or successor thereto.

(128) "Spent Fuel Fees" means those fees assessed on electricity generated at the Plant and sold pursuant to the Standard Contract for Disposal of Spent Nuclear Fuel and/or High Level Waste, as provided in Section 302 of the Nuclear Waste Policy Act and 10 CFR Part 961, as the same may be amended from time to time.

(129) "SBO Service" means the provision of station blackout service to the Plant in order to comply with applicable NRC requirements.

(130) "SBO Service Agreement" means the agreement pursuant to which JCP&L will provide or cause to be provided SBO Service to the Plant.

(131) "Subsidiary" when used in reference to any Person means any entity of which outstanding securities having ordinary voting power to elect a majority of the Board of Directors or other Persons performing similar functions of such entity are owned directly or indirectly by such Person.

(132) "System Council" means System Council U-3 of the International Brotherhood of Electrical Workers.

(133) "Tangible Personal Property" has the meaning set forth in Section 2.1(c).

(134) "Tax Basis" means the adjusted tax basis determined for federal income tax purposes under Code section 1011(a).

(135) "Taxes" means all taxes, charges, fees, levies, penalties or other assessments imposed by any federal, state or local or foreign taxing authority, including, but not limited to, income, excise, real or personal property, sales, transfer, franchise, payroll, withholding, social security, gross receipts, license, stamp, occupation, employment or other taxes, including any interest, penalties or additions attributable thereto.

(136) "Tax Return" means any return, report, information return, declaration, claim for refund or other document (including any schedule or related or supporting information) required to be supplied to any taxing authority with respect to Taxes including amendments thereto.

(137) "Termination Date" has the meaning set forth in Section 9.1(b).

(138) "Third Party Claim" has the meaning set forth in Section 8.2(a).

(139) "Transferable Permits" means those Permits and Environmental Permits which may be lawfully transferred to or assumed by Buyer without a filing with, notice to, consent or approval of any Governmental Authority, and are set forth in Schedule 1.1 (139).

(140) "Transferred Employees" means Transferred Non-Union Employees and Transferred Union Employees.

(141) "Transferred Non-Union Employees" has the meaning set forth in Section 6.10(b).

(142) "Transferred Union Employees" has the meaning set forth in Section 6.10(b).

(143) "Transferring Employee Records" means all records related to Transferred Employees, including records pertaining to: (i) skill and development training and biographies, (ii) seniority histories, (iii) salary and benefit information, including benefit census and valuation data, (iv) Occupational,

Safety and Health Administration reports, (v) active medical restriction forms, (vi) fitness for duty and (vii) disciplinary actions, but excluding prior medical histories except to the extent related to specific job qualification.

(144) "Transmission Assets" has the meaning set forth in Section 2.2(a).

(145) "Trustee" means the trustee of the Decommissioning Trust Funds appointed by Sellers pursuant to the Decommissioning Indenture.

(146) "Union Employees" has the meaning set forth in Sections 6.10(a) and (l).

(147) "USEPA" means the United States Environmental Protection Agency and any successor agency thereto.

(148) "Year 2000 Qualified" means computer software applications that have been qualified in accordance with a program based on NEI/NUSMG 97-07 Nuclear Utility Year 2000 Readiness to accurately process date/time data (including but not limited to calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, the years 1999 and 2000, and leap-year calculations.

(149) "WARN Act" means the Federal Worker Adjustment Retraining and Notification Act of 1988, as amended.

1.2 Certain Interpretive Matters. In this Agreement, unless the context otherwise requires, the singular shall include the plural, the masculine shall include the feminine and neuter, and vice versa. The term "includes" or "including" shall mean "including without limitation." References to a Section, Article, Exhibit or Schedule shall mean a Section, Article, Exhibit or Schedule of this Agreement, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of which such reference is made.

ARTICLE II

PURCHASE AND SALE

2.1 Transfer of Assets. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing Sellers will sell, assign, convey, transfer and deliver to Buyer, and Buyer will purchase, assume and acquire from Sellers, free and clear of all Encumbrances (except for Permitted Encumbrances), and subject to Sections 2.2 and the other terms and conditions of this Agreement, all of Sellers' right, title and interest in and to all assets constituting, or used in and necessary for the operation of, the Plant as more fully identified in Schedules 2.1(h), 2.1(l) and 4.10(b), including, without limitation, those assets described below (but excluding the Excluded Assets), each as in existence on the Closing Date (collectively, "Purchased Assets"):

(a) Those certain parcels of real property (including all buildings, facilities and other improvements thereon and all appurtenances thereto) described in Schedule 4.10(a) (the "Real Property"), except as otherwise constituting part of the Excluded Assets;

(b) All Inventories;

(c) All machinery, mobile or otherwise, equipment (including computer hardware and software and communications equipment), vehicles, tools, spare parts, fixtures, furniture and furnishings and other personal property relating to or used in the operation of the Plant, including, without limitation, the items of personal property included in Schedule 4.10(b), other than property used or primarily usable as part of the Transmission Assets or otherwise constituting part of the Excluded Assets (collectively, "Tangible Personal Property");

(d) Subject to the provisions of Section 6.5(d), all Sellers' Agreements;

(e) Subject to the provisions of Section 6.5(d), all Real Property Leases;

(f) All Transferable Permits;

(g) All books, operating records, Transferring Employee Records, operating, safety and maintenance manuals, inspection reports, engineering design plans, documents, blueprints and as built plans, specifications, procedures and similar items of Sellers, wherever located, relating to the Plant and other Purchased Assets (subject to the right of Sellers to retain copies of same for their use) other than general ledger accounting records;

(h) Subject to Section 6.1, all Emission Reduction Credits associated with the Plant and identified in Schedule 2.1(h), and all Emission Allowances that have accrued prior to, or that accrue on or after, the date of this Agreement but prior to the Closing Date;

(i) All unexpired, transferable warranties and guarantees from third parties with respect to any item of Real Property or personal property constituting part of the Purchased Assets as of the Closing Date and all claims against third parties relating to Assumed Liabilities;

(j) The name "Oyster Creek Nuclear Generating Station". It is expressly understood that Sellers are not assigning or transferring to Buyer any right to use the names "Jersey Central Power & Light Company", "JCP&L", "GPU", "GPU Energy", "GPU Nuclear" or "GPU Service" or any related or similar trade names, trademarks, service marks, corporate names and logos or any part, derivative or combination thereof; provided, however, that Sellers will grant to Buyer a non-assignable (except to Affiliates), royalty-free, non-exclusive license to use "GPU Nuclear" and any related or similar trade names, trademarks, service marks, corporate names and logos on signs and displays affixed to the Purchased Assets on the Closing Date for a period of three (3) months thereafter in order to allow Buyer adequate time to change the signage to the name of Buyer;

(k) All drafts, memoranda, reports, information, technology, and specifications relating to Sellers' plans for Year 2000 Qualification with respect to the Purchased Assets;

(l) A non-assignable (except to Affiliates), royalty-free non-exclusive license to the Intellectual Property described on Schedule 2.1(l);

(m) The substation equipment set forth in Schedule A to the Interconnection Agreement and designated therein as being transferred to Buyer;

(n) The assets comprising the Decommissioning Trust Funds; and

(o) All spent fuel canisters now installed or subsequently acquired by Sellers after the date hereof (or the net proceeds from Sellers' sale or return thereof) as part of the ISFSI.

2.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement will constitute or be construed as conferring on Buyer, and Buyer is not acquiring, any right, title or interest in or to the following specific assets which are associated with the Purchased Assets, but which are hereby specifically excluded from the sale and the definition of Purchased Assets herein (the "Excluded Assets"):

(a) Except as set forth in Schedule A to the Interconnection Agreement, the electrical transmission or distribution facilities (as opposed to generation facilities) of Sellers or any of their Affiliates located at the Site or forming part of the Plant (whether or not regarded as a "transmission" or "generation" asset for regulatory or accounting purposes), including all switchyard facilities, substation facilities and support equipment, as well as all permits, contracts and warranties, to the extent they relate to such transmission and distribution assets (collectively, the "Transmission Assets"), all as identified on Schedule 2.2(a);

(b) Certain revenue meters and remote testing units, drainage pipes and systems, as identified in the Easement Agreement;

(c) Certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, and

interests in joint ventures, partnerships, limited liability companies and other entities except the assets comprising the Decommissioning Trust Funds;

(d) All cash, cash equivalents, bank deposits, accounts and notes receivable (trade or otherwise), and any income, sales, payroll or other tax receivables except the assets comprising the Decommissioning Trust Funds;

(e) Subject to the license referred to in Section 2.1(j), the rights of Sellers and their Affiliates to the names "Jersey "Central Power & Light Company", "JCP&L", "GPU", "GPU Energy", "GPU Nuclear" and "GPU Service" or any related or similar trade names, trademarks, service marks, corporate names or logos, or any part, derivative or combination thereof;

(f) All tariffs, agreements and arrangements to which either of Sellers is a party for the purchase or sale of electric capacity and/or energy or for the purchase of transmission or ancillary services;

(g) The rights of Sellers in and to any causes of action against third parties (including indemnification and contribution), other than to the extent relating to any Assumed Liability, relating to any Real Property or personal property, Permits, Environmental Permits, Taxes, Real Property Leases or Sellers' Agreements, if any, including any claims for refunds, prepayments, offsets, recoupment, insurance proceeds, condemnation awards, judgments and the like, whether received as payment or credit against future liabilities, relating specifically to the Plant or the Site and relating to any period prior to the Closing Date;

(h) All personnel records of Sellers or their Affiliates relating to the Transferred Employees, the disclosure of which is prohibited by law, or legal or regulatory process or subpoena;

(i) Any and all of Sellers' rights in any contract representing an intercompany transaction between Sellers and an Affiliate of Sellers, whether or not such transaction relates to the provision of goods and services, payment arrangements, intercompany charges or balances, or the like, except for any contracts listed on Schedule 4.12(a);

(j) Sellers' account balances for the Plant with Nuclear Electric Insurance Limited and insurance premium refunds from American Nuclear Insurance relating to periods prior to the Closing Date;

(k) Sellers' pension plan and other employee benefit plan assets relating to their employees; and

(l) All claims, rights and causes of action which Sellers have or may have against the DOE arising prior to the Closing in connection with or in any way related to Sellers' ownership, operation, maintenance or Decommissioning of the Plant, including any and all proceeds thereof.

2.3 Assumed Liabilities. On the Closing Date, Buyer shall deliver to Sellers the Assignment and Assumption Agreement pursuant to which Buyer shall assume and agree to discharge when due, all of the following liabilities and obligations of Sellers, direct or indirect, known or unknown, absolute or contingent, which relate to the Purchased Assets, other than Excluded Liabilities, in accordance with the respective terms and subject to the respective conditions thereof (collectively, "Assumed Liabilities"):

(a) All liabilities and obligations of Sellers arising on or after the Closing Date under Sellers' Agreements, the Real Property Leases, and the Transferable Permits in accordance with the terms thereof, including, without limitation, (i) the contracts, licenses, agreements and personal property leases entered into by Sellers with respect to the Purchased Assets, which are disclosed on Schedule 4.12(a) or not required by Section 4.12(a) to be so disclosed, and (ii) the contracts, licenses, agreements and personal property leases entered into by Sellers with respect to the Purchased Assets after the date hereof consistent with the terms of this Agreement, except in each case to the extent such liabilities and obligations, but for a breach or default by Sellers, would have been paid, performed or otherwise discharged on or prior to the Closing Date or to the extent the same arise out of any such breach or default or out of any event which after the giving of notice would constitute a default by Sellers;

(b) All liabilities and obligations associated with the Purchased Assets in respect of Taxes for which Buyer is liable pursuant to Sections 3.5 or 6.8(a) hereof;

(c) All liabilities and obligations with respect to the Transferred Employees arising on or after the Closing Date (i) for which Buyer is responsible pursuant to Section 6.10 and (ii) relating to the grievance and arbitration proceedings arising out of or under the Collective Bargaining Agreement on or after the Closing Date;

(d) Subject to the exceptions set forth in this Section 2.3(d), any liability, obligation or responsibility under or related to Environmental Laws or the common law, whether such liability or obligation or responsibility is contingent or accrued, arising as a result of or in connection with (i) any violation or alleged violation of Environmental Laws, whether prior to, on or after the Closing Date, with respect to the ownership or operation of any of the Purchased Assets; (ii) loss of life, injury to persons or property or damage to natural resources (whether or not such loss, injury or damage arose or was made manifest before the Closing Date or arises or becomes manifest on or after the Closing Date) caused (or allegedly caused) by the presence or Release of Hazardous Substances at, on, in, under, adjacent to or migrating from the Purchased Assets prior to, on or after the Closing Date, including, but not limited to, Hazardous Substances contained in building materials at or adjacent to the Purchased Assets or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at or near the Purchased Assets; and (iii) the Remediation (whether or not such Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Substances that are present or have been Released prior to, on or after the Closing Date at, on, in, under, adjacent to or migrating from, the Purchased Assets or in the soil, surface water, sediments, groundwater, landfill cells or in other environmental media at or adjacent to the Purchased Assets; provided, however, that Buyer shall not assume any such liability, responsibility or obligation in respect of the foregoing items (i) through (iii) inclusive to the extent (x) disclosed in the Environmental Reports or (y) disclosed on Schedule 4.7 hereof; and provided further, that nothing set forth in this subsection 2.3(d) shall require Buyer to assume any liabilities or obligations that are expressly excluded in

Section 2.4 including, without limitation, liability for off-Site disposal of Hazardous Substances or for toxic torts as set forth in Sections 2.4(h), (i) and (j);

(e) All liabilities and obligations of Sellers with respect to the Purchased Assets arising on or after the Closing Date under the agreements or consent orders set forth on Schedule 2.3(e);

(f) With respect to the Purchased Assets, any Tax that may be imposed by any federal, state or local government on the ownership, sale, operation or use of the Purchased Assets on or after the Closing Date, except for any Income Taxes attributable to income received by Sellers; and

(g) All liabilities and obligations of Sellers for the Decommissioning of the Plant.

2.4 Excluded Liabilities. Buyer shall not assume or be obligated to pay, perform or otherwise discharge the following liabilities or obligations (the "Excluded Liabilities"):

(a) Any liabilities or obligations of Sellers that are not expressly set forth as liabilities or obligations being assumed by Buyer in Section 2.3 and any liabilities or obligations in respect of any Excluded Assets or other assets of Sellers which are not Purchased Assets;

(b) Any liabilities or obligations in respect of Taxes attributable to the ownership, operation or use of Purchased Assets for taxable periods, or portions thereof, ending before the Closing Date, except for Taxes for which Buyer is liable pursuant to Sections 3.5 or 6.8(a) hereof;

(c) Any liabilities or obligations of Sellers accruing under any of Sellers' Agreements , the Real Property Leases and the Transferable Permits prior to the Closing Date;

(d) Any fines, penalties or costs imposed by a Governmental Authority resulting from (i) an investigation, proceeding, request for information or inspection before or by a Governmental Authority either pending prior to or arising after the Closing Date but only regarding acts which occurred prior to the Closing Date, or (ii) illegal acts, willful misconduct or

gross negligence of Sellers prior to the Closing Date, other than, any such fines, penalties or costs which have been assumed by Buyer in Section 2.3;

(e) Any payment obligations of Sellers for goods delivered or services rendered prior to the Closing Date, including, but not limited to, rental payments pursuant to the Real Property Leases and any leases relating to Tangible Personal Property;

(f) Any liability, obligation or responsibility in respect of environmental matters disclosed in the Environmental Reports or disclosed on Schedule 4.7;

(g) Any liability, obligation or responsibility under or related to Environmental Laws or the common law, whether such liability or obligation or responsibility is known or unknown, contingent or accrued, arising as a result of or in connection with loss of life, injury to persons or property or damage to natural resources (whether or not such loss, injury or damage arose or was made manifest before the Closing Date or arises or becomes manifest on or after the Closing Date) to the extent caused (or allegedly caused) by the off-Site disposal, storage, transportation, discharge, Release, or recycling of Hazardous Substances, or the arrangement for such activities, of Hazardous Substances, prior to the Closing Date, in connection with the ownership or operation of the Purchased Assets, provided that for purposes of this Section "off-Site" does not include any location to which Hazardous Substances disposed of or Released at the Purchased Assets have migrated;

(h) Any liability, obligation or responsibility under or related to Environmental Laws or the common law, whether such liability or obligation or responsibility is known or unknown, contingent or accrued, arising as a result of or in connection with the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Substances that are disposed, stored, transported, discharged, Released, recycled, or the arrangement of such activities, prior to the Closing Date, in connection with the ownership or operation of the Purchased Assets, at any off-Site location, provided that for purposes of this Section "off-Site" does not

at the Site, or any other licensed nuclear reactor site in the United States, or in the course of the transportation of radioactive materials to or from the Site or any other site prior to the Closing Date, including, without limitation, liability for any deferred premiums assessed in connection with such a nuclear incident or precautionary evacuation under any applicable NRC or industry retrospective rating plan or insurance policy, including any mutual insurance pools established in compliance with the requirements imposed under Section 170 of the Atomic Energy Act and 10 C.F.R. Part 140, 10 C.F.R. §50.54(w), other than any liabilities or obligations which have been expressly assumed by Buyer under Section 2.3;

(m) Civil or criminal fines or penalties wherever assessed or incurred for violations of Environmental Laws arising from the operation of the Purchased Assets prior to the Closing Date;

(n) Subject to Section 6.10, any liabilities or obligations relating to any Benefit Plan maintained by Sellers or any trade or business (whether or not incorporated) which is or ever has been under common control, or which is or ever has been treated as a single employer, with Sellers under section 414(b), (c), (m) or (o) of the Code ("ERISA Affiliate") or to which a Seller or any ERISA Affiliate contributed (the "ERISA Affiliate Plans"), including but not limited to any liability with respect to any such plan (i) for benefits payable under such plan; (ii) to the PBGC under Title IV of ERISA; (iii) relating to any such plan that is a multi-employer plan within the meaning of Section 3(37) of ERISA; (iv) for non-compliance with the notice and benefit continuation requirements of COBRA; (v) for noncompliance with ERISA or any other applicable laws; or (vi) arising out of or in connection with any suit, proceeding or claim which is brought against Buyer, any Benefit Plan, ERISA Affiliate Plan, or any fiduciary or former fiduciary of any such Benefit Plan or ERISA Affiliate Plan;

(o) Subject to Section 6.10, any liabilities or obligations relating to the employment or termination of employment, by Sellers, or any Affiliate of Sellers, of any individual, that is attributable to any actions or inactions (including discrimination, wrongful discharge, unfair labor practices or constructive termination) by Sellers prior to the

Closing Date other than such actions or inactions taken at the written direction of Buyer;

(p) Subject to Section 6.10, any obligations for wages, overtime, employment taxes, severance pay, transition payments, accumulated vacation and holiday leave time in respect of compensation or similar benefits accruing or arising prior to the Closing under any term or provision of any contract, plan, instrument or agreement relating to any of the Purchased Assets;

(q) Any liability of Sellers arising out of a breach by Sellers or any of their Affiliates of any of their respective obligations under this Agreement or the Ancillary Agreements;

(r) Any liability relating to the Pollution Control Revenue Bonds except as provided in Section 6.15; and

(s) Any liability for Spent Fuel Fees accruing prior to the Closing in accordance with Section 6.13.

2.5 Control of Litigation. The Parties agree and acknowledge that Sellers shall be entitled exclusively to control, defend and settle any litigation, administrative or regulatory proceeding, and any investigation or Remediation activities (including without limitation any environmental mitigation or Remediation activities), arising out of or related to any Excluded Liabilities, and Buyer agrees to cooperate fully in connection therewith; provided, however, that (i) such defense, settlement or other activities do not unreasonably interfere with Buyer's operation of the Plant and (ii) without Buyer's written consent, Sellers shall not settle any such litigation, administrative or regulatory proceeding which would result in a Material Adverse Effect on the related Purchased Assets.

ARTICLE III

THE CLOSING

3.1 Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VII of this Agreement, the sale, assignment, conveyance, transfer and

delivery of the Purchased Assets to Buyer, the payment of the Purchase Price to Sellers, and the consummation of the other respective obligations of the Parties contemplated by this Agreement shall take place at a closing (the "Closing"), to be held at the offices of Berlack, Israels & Liberman LLP, 120 West 45th Street, New York, New York at 10:00 a.m. local time, or another mutually acceptable time and location, on the date that is fifteen (15) Business Days following the date on which the last of the conditions precedent to Closing set forth in Article VII of this Agreement have been either satisfied or waived by the Party for whose benefit such conditions precedent exist or such other date as the Parties may mutually agree. The date of Closing is hereinafter called the "Closing Date." The Closing shall be effective for all purposes as of 12:01 a.m. on the Closing Date.

3.2 Payment of Purchase Price. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, in consideration of the aforesaid sale, assignment, conveyance, transfer and delivery of the Purchased Assets, Buyer will pay or cause to be paid to Sellers at the Closing an aggregate amount of Ten Million United States Dollars (U.S. $10,000,000) (the "Purchase Price") plus or minus any adjustments pursuant to the provisions of this Agreement, by wire transfer of immediately available funds denominated in U.S. dollars or by such other means as are agreed upon by Sellers and Buyer.

3.3 Adjustment to Purchase Price. (a) Subject to Section 3.3(b), at the Closing, the Purchase Price shall be adjusted, without duplication, to account for the items set forth in this Section 3.3(a):

(i) The Purchase Price shall be adjusted to account for the items prorated as of the Closing Date pursuant to Section 3.5.

(ii) The Purchase Price shall be increased by the amount expended, or for which liabilities are incurred, by Sellers between the date hereof and the Closing Date for capital additions to or replacements of property, plant and equipment included in the Purchased Assets and other expenditures or repairs on property, plant and equipment included in the Purchased Assets that would be capitalized by Sellers in accordance with normal accounting policies,

provided, that such expenditures: (A) are not described in the capital budgets listed on Schedule 6.1; (B) are not required (1) for the customary operation and maintenance of the Plant, (2) to replace equipment which has failed for any other reason, or (3) to comply with applicable laws, rules and regulations; and (C) Buyer has specifically requested or approved such expenditures in writing (collectively, "Capital Expenditures"). Nothing in this paragraph shall be construed to limit Sellers' rights and obligations to make all capital expenditures necessary to comply with NRC licenses and other Permits.

(ii) The Purchase Price shall be decreased by the cost of Buyer's payment obligation with respect to Transferred Union Employees Carried-Over Sick Days, as determined under Section 6.10(k).

(b) At least ten (10) Business Days prior to the Closing Date, Sellers shall prepare and deliver to Buyer an estimated closing statement (the "Estimated Closing Statement") that shall set forth Sellers' best estimate of the adjustments to the Purchase Price required by Section 3.3(a) (the "Estimated Adjustment"). Within five (5) Business Days following the delivery of the Estimated Closing Statement by Sellers to Buyer, Buyer may object in good faith to the Estimated Adjustment in writing. If Buyer objects to the Estimated Adjustment, the Parties shall attempt to resolve their differences by negotiation. If the Parties are unable to do so within three (3) Business Days prior to the Closing Date (or if Buyer does not object to the Estimated Adjustment), the Purchase Price shall be adjusted (the "Closing Adjustment") for the Closing by the amount of the Estimated Adjustment not in dispute. The disputed portion shall be paid as a Post-Closing Adjustment to the extent required by Section 3.3(c).

(c) Within sixty (60) days following the Closing Date, Sellers shall prepare and deliver to Buyer a final closing statement (the "Post-Closing Statement") that shall set forth all adjustments to the Purchase Price required by Section 3.3(a) (the "Post-Closing Adjustment"). The Post-Closing Statement shall be prepared using the same accounting principles, policies and methods as Sellers have historically used in connection with the calculation of the items reflected on such Post-Closing Statement. Within thirty (30) days following the delivery of

the Post-Closing Statement by Sellers to Buyer, Buyer may object to the Post-Closing Adjustment in writing. Sellers agree to cooperate with Buyer to provide Buyer and Buyer's Representatives information used to prepare the Post-Closing Statement and information relating thereto. If Buyer objects to the Post-Closing Adjustment, the Parties shall attempt to resolve such dispute by negotiation. If the Parties are unable to resolve such dispute within thirty (30) days of any objection by Buyer, the Parties shall appoint the Independent Accounting Firm, which shall, at Sellers' and Buyer's joint expense, review the Post-Closing Adjustment and determine the appropriate adjustment to the Purchase Price, if any, within thirty (30) days of such appointment. The Parties agree to cooperate with the Independent Accounting Firm and provide it with such information as it reasonably requests to enable it to make such determination. The finding of such Independent Accounting Firm shall be binding on the Parties hereto. Upon determination of the appropriate adjustment by agreement of the Parties or by binding determination of the Independent Accounting Firm, if the Post-Closing Adjustment is more or less than the Closing Adjustment, the Party owing the difference shall deliver such difference to the other Party no later than two (2) Business Days after such determination, in immediately available funds or in any other manner as reasonably requested by the payee.

(d) The Purchase Price shall be increased following the Closing Date (i) to the extent required under Section 6.12(e) and (ii) as and to the extent Buyer obtains discounts from time to time for goods and services under the Settlement Agreement. Buyer hereby agrees to accept assignment of the Settlement Agreement (subject to Seller's obtaining any requisite consent thereto) unless it would have an adverse economic impact on Buyer and shall advise Sellers of the amount of any such discounts received by Buyer and shall make acceptance payment to Sellers of such amounts within ten (10) Business Days following any such receipt.

3.4 Allocation of Purchase Price. Buyer and Sellers shall endeavor to agree upon an allocation among the Purchased Assets of the sum of the Purchase Price and the Assumed Liabilities in a manner consistent with the provisions of section 1060 of the Code and the Treasury Regulations thereunder within sixty (60) days of the Closing Date. Buyer and Sellers shall treat the transactions contemplated by Article II as the acquisition by

(iv) Sewer rents and charges for water, telephone, electricity and other utilities;

(v) Rent and Taxes and other items payable by Sellers under the Real Property Leases assigned to Buyer; and

(vi) Dues and fees payable to the Institute of Nuclear Power Operations, the Nuclear Energy Institute, the Electric Power Research Institute (to the extent allocable to the Plant's operations) and the Boiling Water Reactor Owners Group to the extent proration is permitted by such organizations and periodic fees charged by the NRC.

(b) In connection with the prorations referred to in (a) above, in the event that actual figures are not available at the Closing Date, the proration shall be based upon the actual Taxes or other amounts accrued through the Closing Date or paid for the most recent year (or other appropriate period) for which actual Taxes or other amounts paid are available. Such prorated Taxes or other amounts shall be re-prorated and paid to the appropriate Party within sixty (60) days of the date that the previously unavailable actual figures become available. The prorations shall be based on the number of days in a year or other appropriate period (i) before the Closing Date and (ii) including and after the Closing Date. Sellers and Buyer agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.5.

3.6 Deliveries by Sellers. At the Closing, Sellers will deliver, or cause to be delivered, the following to Buyer:

(a) The Bill of Sale, duly executed by Sellers, as appropriate;

(b) Copies of any and all governmental and other third party consents, waivers or approvals required with respect to the transfer of the Purchased Assets, or the consummation of the transactions contemplated by this Agreement;

(c) The opinions of counsel and officer's certificates contemplated by Section 7.1;

(d) One or more bargain and sale deeds with covenants against grantors acts, conveying the Real Property to Buyer, in a form reasonably satisfactory to the Parties (including environmental disclosure required by law and any provisions regarding grantors covenants necessary to conform them to the terms hereof), duly executed and acknowledged by Sellers, as appropriate, and in recordable form;

(e) The Assignment and Assumption Agreement and any Ancillary Agreements which are not executed on the date hereof, duly executed by Sellers, as appropriate;

(f) A FIRPTA Affidavit, duly executed by JCP&L;

(g) Copies, certified by the Secretary or Assistant Secretary of Sellers, of corporate resolutions authorizing the execution and delivery of this Agreement and all of the agreements and instruments to be executed and delivered by Sellers in connection herewith, and the consummation of the transactions contemplated hereby;

(h) A certificate of the Secretary or Assistant Secretary of each Seller identifying the name and title and bearing the signatures of the officers of such Seller authorized to execute and deliver this Agreement and the other agreements and instruments contemplated hereby;

(i) Certificates of Good Standing with respect to Sellers, issued by the Secretary of the State of Sellers' state of incorporation;

(j) Tax clearance certificates for each jurisdiction identified on Schedule 4.16;

(k) To the extent available, originals of all Sellers' Agreements, Real Property Leases, Permits, Environmental Permits, and Transferable Permits and, if not available, true and correct copies thereof, together with the items referred to in Section 2.1(g);

(l) All such other instruments of assignment, transfer or conveyance as shall, in the reasonable opinion of Buyer and its counsel, be necessary or desirable to transfer to

Buyer the Purchased Assets, in accordance with this Agreement and where necessary or desirable in recordable form;

(m) Notices, signed by Sellers, to all other parties to the Sellers' Agreements listed under Schedule 4.12(a) where notice to such parties is required under the terms of such Sellers' Agreements or pursuant to Section 6.5(d) hereof;

(n) Reliance letters from Woodward & Clyde with respect to the Environmental Reports prepared by Woodward & Clyde concerning the Purchased Assets and made available for review by Buyer;

(o) The assets of the Decommissioning Trust Funds to be transferred pursuant to Section 6.12(b), shall be delivered to Buyer (or to the Trustee of any trust specified by Buyer); and

(p) Such other agreements, documents, instruments and writings, including without limitation the Transferring Employee Records, as are required to be delivered by Sellers at or prior to the Closing Date pursuant to this Agreement or otherwise reasonably required in connection herewith.

3.7 Deliveries by Buyer. At the Closing, Buyer will deliver, or cause to be delivered, the following to Sellers:

(a) The Purchase Price, as adjusted pursuant to Section 3.3, by wire transfer of immediately available funds in accordance with Sellers' instructions or by such other means as may be agreed to by Sellers and Buyer;

(b) The opinions of counsel and officer's certificates contemplated by Section 7.2;

(c) The Assignment and Assumption Agreement and any Ancillary Agreements which are not executed on the date hereof, duly executed by Buyer;

(d) Copies, certified by the Secretary or Assistant Secretary of Buyer, of resolutions authorizing the execution and delivery of this Agreement, and all of the agreements and instruments to be executed and delivered by Buyer in connection

herewith, and the consummation of the transactions contemplated hereby;

(e) A certificate of the Secretary or Assistant Secretary of Buyer, identifying the name and title and bearing the signatures of the officers of Buyer authorized to execute and deliver this Agreement, and the other agreements contemplated hereby;

(f) All such other instruments of assumption as shall, in the reasonable opinion of Sellers and their counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement;

(g) Copies of any and all governmental and other third party consents, waivers or approvals obtained by Buyer with respect to the transfer of the Purchased Assets, or the consummation of the transactions contemplated by this Agreement and where necessary or desirable in recordable form;

(h) Certificates of Insurance relating to the insurance policies required pursuant to Article 10 of the Interconnection Agreement;

(i) A certificate of an appropriate officer of each of PECO Energy Company and British Energy, plc certifying the due authorization, execution and delivery of the Parent Guaranty; and

(j) Such other agreements, documents, instruments and writings as are required to be delivered by Buyer at or prior to the Closing Date pursuant to this Agreement or otherwise reasonably required in connection herewith.

3.8 Ancillary Agreements. The Parties acknowledge that the Ancillary Agreements, other than the EOF Lease, the Remote Assembly Area Access Agreement and the SBO Service Agreement, have been executed on the date hereof.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND DISCLAIMERS OF SELLERS

Sellers represent and warrant to Buyer as follows:

4.1 Incorporation; Qualification. Each Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and has all requisite corporate power and authority to own, lease, and operate its material properties and assets and to carry on its business as is now being conducted. Each Seller is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which its business as now being conducted requires it to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect. Sellers have heretofore delivered to Buyer true, complete and correct copies of their Certificates of Incorporation and Bylaws as currently in effect.

4.2 Authority Relative to this Agreement. Sellers have full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by it hereby. The execution and delivery of this Agreement by Sellers and the consummation by Sellers of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action required on the part of Sellers and this Agreement has been duly and validly executed and delivered by Sellers. Subject to the receipt of Sellers' Required Regulatory Approvals, this Agreement constitutes the legal, valid and binding agreement of Sellers, enforceable against Sellers in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

4.3 Consents and Approvals; No Violation. (a) Except as set forth in Schedule 4.3(a), and other than obtaining Sellers' Required Regulatory Approvals, neither the execution and delivery of this Agreement by Sellers nor the consummation by Sellers of the transactions contemplated hereby will (i)

conflict with or result in any breach or violation of any provision of the respective Certificate of Incorporation or Bylaws of Sellers, or (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, or (iii) result in a default (or give rise to any right of termination, consent, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Sellers are a party or by which it, or any of the Purchased Assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, would not, individually or in the aggregate, create a Material Adverse Effect; or (iv) constitute violations of any law, regulation, order, judgment or decree applicable to Sellers, which violations, individually or in the aggregate, would create a Material Adverse Effect, or create any Encumbrance other than a Permitted Encumbrance.

(b) Except as set forth in Schedule 4.3(b), (the filings and approvals referred to in Schedule 4.3(b) are collectively referred to as the "Sellers' Required Regulatory Approvals"), no consent or approval of, filing with, or notice to, any Governmental Authority by or for Sellers is necessary for the execution and delivery of this Agreement by Sellers, or the consummation by Sellers of the transactions contemplated hereby, other than (i) such consents, approvals, filings or notices which, if not obtained or made, will neither prevent Sellers from performing their material obligations hereunder nor, individually or in the aggregate, create a Material Adverse Effect and (ii) such consents, approvals, filings or notices which become applicable to Sellers or the Purchased Assets as a result of the specific regulatory status of Buyer (or any of its Affiliates) or as a result of any other facts that specifically relate to the business or activities in which Buyer (or any of its Affiliates) is or proposes to be engaged.

4.4 Insurance. Except as set forth in Schedule 4.4, all material policies of fire, liability, workers' compensation and other forms of insurance owned or held by, or on behalf of, Sellers with respect to the business, operations or employees at the Plant or the Purchased Assets are in full force and effect, all premiums with respect thereto covering all periods up to and including the date hereof have been paid (other than retroactive

premiums which may be payable with respect to comprehensive general liability and workers' compensation insurance policies), and no notice of cancellation or termination has been received with respect to any such policy which was not replaced on substantially similar terms prior to the date of such cancellation. Except as described in Schedule 4.4, within the thirty-six (36) months preceding the date of this Agreement, Sellers have not been refused any insurance with respect to the Purchased Assets nor has coverage been limited by any insurance carrier to which Sellers have applied for any such insurance or with which Sellers have carried insurance during the last twelve (12) months.

4.5 Title and Related Matters. Other than set forth in Schedule 4.5 and except for Permitted Encumbrances, JCP&L has good and marketable title to the Real Property to be conveyed to Buyer hereunder free and clear of all Encumbrances. The Real Property constitutes all of the real property necessary to operate the Plant as currently operated. Other than as set forth in Schedule 4.5 and except for Permitted Encumbrances, Sellers have good and marketable title to each of the Purchased Assets not constituting Real Property free and clear of all Encumbrances. JCP&L possesses all such rights in and to the EOF Facility and the Remote Assembly Area in order to lease the EOF Facility and provide access to the Remote Assembly Area to Buyer.

4.6 Real Property Leases. Schedule 4.6 lists, as of the date of this Agreement, all real property leases, easements, licenses and other rights in real property (collectively, the "Real Property Leases") to which either Seller is a party and which (i) are to be transferred and assigned to Buyer on the Closing Date, (ii) affect all or any part of any Real Property and (iii)(A) provide for annual payments of more than $100,000 or (B) are material to the ownership or operation of the Purchased Assets. Except as set forth in Schedule 4.6, all such Real Property Leases are valid, binding and enforceable in accordance with their terms, and are in full force and effect; there are no existing material defaults by Sellers or any other party thereunder; and no event has occurred which (whether with or without notice, lapse of time or both) would constitute a material default by Sellers or any other party thereunder.

4.7 Environmental Matters. Except as disclosed in (x) Schedule 4.7, (y) Schedule 2.3(e) or (z) in the "Phase I" and "Phase II" environmental site assessments prepared by Sellers' outside environmental consultants or in Buyer's Environmental Inspection (collectively the "Environmental Reports") and made available for inspection by Buyer:

(a) Sellers hold, and are in compliance with, all permits, certificates, certifications, licenses and governmental authorizations under applicable Environmental Laws ("Environmental Permits") that are required for Sellers to own and conduct the business and operations of the Purchased Assets, and Sellers are otherwise in compliance with applicable Environmental Laws with respect to the business and operations of such Purchased Assets except for such failures to hold or comply with required Environmental Permits, or such failures to be in compliance with applicable Environmental Laws, as would not, individually or in the aggregate, create a Material Adverse Effect;

(b) Sellers have not received any written request for information, or been notified that either of them is a potentially responsible party, under CERCLA or any similar state law with respect to the Real Property or any other Purchased Assets, except for such liability under such laws as would not create, individually or in the aggregate, a Material Adverse Effect;

(c) Sellers have neither entered into or agreed to any consent decree or order relating to the Purchased Assets, nor are subject to any outstanding judgment, decree, or judicial order relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Substances under any Environmental Law relating to the Purchased Assets, except for such consent decree or order, judgment decree or judicial order that would not create, individually or in the aggregate a Material Adverse Effect;

(d) There are no underground storage tanks on the Real Property; and

(e) There is no Environmental Condition in violation of applicable Environmental Laws (other than ISRA and the regulations of the NJDEP thereunder) which requires Remediation.

The representations and warranties made in this Section 4.7 are Sellers' exclusive representations and warranties relating to environmental matters.

4.8 Labor Matters. Sellers have previously delivered to Buyer a true and correct copy of the Collective Bargaining Agreement, as currently in effect, which is the only collective bargaining agreement to which they are a party or is subject and which relates to the business and operations of the Purchased Assets. With respect to the business or operations of such Purchased Assets, except to the extent set forth in Schedule 4.8 and except for such matters as will not, individually or in the aggregate, create a Material Adverse Effect, (a) Sellers are in compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours; (b) Sellers have not received written notice of any unfair labor practice complaint against them pending before the National Labor Relations Board; (c) no arbitration proceeding arising out of or under any collective bargaining agreement is pending against Sellers; (d) no labor strike, slow down or stoppage is actually pending or to Sellers' Knowledge threatened by any representative of any union or other representation of employees against or affecting Sellers; and (e) Sellers have not experienced any work stoppage within the three-year period prior to the date hereof and to Sellers' Knowledge none is currently threatened.

4.9 Benefit Plans; ERISA. (a) Schedule 4.9(a) lists all deferred compensation, profit-sharing, retirement and pension plans, including multi-employer plans, and all material bonus, fringe benefit and other employee benefit plans maintained or with respect to which contributions are made by Sellers in respect of the current employees of Sellers connected with the Purchased Assets ("Benefit Plans"). True and complete copies of all Benefit Plans have been made available to Buyer.

(b) Except as set forth in Schedule 4.9(b), Sellers and their ERISA Affiliates have fulfilled their respective obligations under the minimum funding requirements of Section 302 of ERISA and section 412 of the Code, with respect to each Benefit Plan which is an "employee pension benefit plan" as defined in Section 3(2) of ERISA and to which section 412 of the Code or Section 302 of ERISA applies, and each such plan is in

compliance in all material respects with the currently applicable provisions of ERISA and the Code and has been administered in all material respects in accordance with its terms as set forth in the documents governing such Benefit Plan. Except as set forth in Schedule 4.9(b), neither Sellers nor any ERISA Affiliate has incurred any liability under Section 4062(b) of ERISA to the PBGC in connection with any Benefit Plan which is subject to Title IV of ERISA or any withdrawal liability, within the meaning of Section 4201 of ERISA with respect to any Benefit Plan, nor has there been any reportable event (as defined in Section 4043 of ERISA), the reporting of which has not been waived by the PBGC, in respect of any Benefit Plan. Except as set forth in Schedule 4.9(b), the IRS has issued for each Benefit Plan which is intended to be qualified under section 401(a) of the Code, a letter which determines that such plan is qualified and exempt from United States Federal Income Tax under sections 401(a) and 501(a) of the Code, and Sellers are not aware of any occurrence since the date of any such determination letter which would affect adversely such qualification or tax exemption.

(c) Neither Sellers nor any ERISA Affiliate has engaged in any transaction described in Section 4069(a) or Section 4212(c) of ERISA. No Benefit Plan is a multi-employer plan.

(d) Sellers and Sellers' Affiliates have materially complied in good faith with any notice and continuation requirements of Title X of COBRA with respect to any Benefit Plan subject to such requirements. Sellers and each ERISA Affiliate have complied in all material respects with any applicable requirements of Part 7 of Title I of ERISA.

4.10 Real Property; Plant and Equipment. (a) Schedule 4.10(a) contains a description of the Real Property included in the Purchased Assets. Copies of any current surveys, abstracts or title opinions in Sellers' possession and any policies of title insurance in force and in the possession of Sellers with respect to the Real Property have heretofore been made available to Buyer (without making any representation or warranty as to the accuracy or completeness thereof). Except as set forth in Schedule 4.10(a)-1, no real property other than the Real Property is necessary for Buyer to own, maintain and operate the Purchased Assets as they are currently used.

(b) Schedule 4.10(b) contains a description of the major equipment components and personal property (other than Inventories) comprising the Purchased Assets as of the date hereof.

(c) Other than the exceptions listed in Schedule 4.10(c), the Purchased Assets conform in all material respects to the Technical Specifications and the Updated Final Safety Analysis Report ("UFSAR") to the extent required and are being operated and are in material conformance with all applicable requirements under Nuclear Laws.

4.11 Condemnation. Except as set forth in Schedule 4.11, neither the whole nor any part of the Real Property or any other real property or rights leased, used or occupied by Sellers in connection with the ownership or operation of the Purchased Assets is subject to any pending suit for condemnation or other taking by any Governmental Authority, and no such condemnation or other taking has been threatened.

4.12 Contracts and Leases. (a) Schedule 4.12(a) lists each written contract, license, agreement, or personal property lease which is material to the business or operations of the Purchased Assets, other than any contract, license, agreement or personal property lease which is listed or described on another Schedule, or which is expected to expire or terminate prior to the Closing Date, or which provides for annual payments by Sellers after the date hereof of less than $100,000 or payments by Sellers after the date hereof of less than $500,000 in the aggregate.

(b) Except as disclosed in Schedule 4.12(b), each Sellers' Agreement listed on such Schedule (i) constitutes a legal, valid and binding obligation of the Seller party thereto and, to such Seller's Knowledge, constitutes a valid and binding obligation of the other parties thereto, (ii) is in full force and effect and (iii) may be transferred to Buyer at Closing pursuant to this Agreement without the consent of the other parties thereto and will continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any material rights thereunder.

(c) Except as set forth in Schedule 4.12(c), there is not, under Sellers' Agreements, any default or event which,

with notice or lapse of time or both, would constitute a default on the part of Sellers or to Sellers' Knowledge, any of the other parties thereto, except such events of default and other events which would not, individually or in the aggregate, create a Material Adverse Effect.

4.13 Legal Proceedings, etc. Except as set forth in Schedule 4.13, there are no actions or proceedings pending (or to Sellers' Knowledge overtly threatened) against Sellers before any court, arbitrator or Governmental Authority, which could, individually or in the aggregate, reasonably be expected to create a Material Adverse Effect. Except as set forth in Schedule 4.13, Sellers are not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court, arbitrator or Governmental Authority which would, individually or in the aggregate, create a Material Adverse Effect.

4.14 Permits. (a) Sellers have all permits, licenses, franchises and other governmental authorizations, consents and approvals (other than Environmental Permits, which are addressed in Section 4.7 hereof) (collectively, "Permits") necessary to permit Sellers to own and operate the Purchased Assets as presently conducted except where the failure to have such Permits would not, individually or in the aggregate, have a material adverse effect on the ownership, operation or maintenance of the Purchased Assets. Except as disclosed on Schedule 4.14(a), Sellers have not received any notification that either of them is in violation of any such Permits, except notifications of violations which would not, individually or in the aggregate, create a Material Adverse Effect. Sellers are in compliance with all such Permits except where non-compliance would not, individually or in the aggregate, create a Material Adverse Effect.

(b) Schedule 4.14(b) sets forth all material Permits and Environmental Permits, other than Transferable Permits (which are set forth on Schedule 1.1(139)) related to the Purchased Assets.

4.15 NRC Licenses.

(a) Sellers have all permits, licenses, and other consents and approvals issued by the NRC necessary to own and

operate the Purchased Assets as presently operated, pursuant to the requirements of Nuclear Laws. Except as set forth in Schedule 4.15(a), Sellers have not received any written notification that either of them is in violation of any of such license, or any order, rule, regulation, or decision of the NRC with respect to the Purchased Assets, except for notifications of violations which would not, individually or in the aggregate, have a Material Adverse Effect. Sellers are in compliance with all Nuclear Laws applicable to them with respect to the Purchased Assets, except for violations which, individually or in the aggregate, could not have a Material Adverse Effect.

(b) Schedule 4.15(b) sets forth all material permits, licenses, and other consents and approvals issued by the NRC applicable to the Purchased Assets.

4.16 Taxes. Sellers have filed all returns required to be filed by them with respect to any Tax relating to the Purchased Assets, and Sellers have paid all Taxes that have become due as indicated thereon, except where such Tax is being contested in good faith by appropriate proceedings, or where the failure to so file or pay would not reasonably be expected to create a Material Adverse Effect. Sellers have complied in all material respects with all applicable laws, rules and regulations relating to withholding Taxes relating to Transferred Employees. All Tax Returns filed with respect to the Purchased Assets are true and complete in all material respects. Except as set forth in Schedule 4.16, no notice of deficiency or assessment has been received from any taxing authority with respect to liabilities for Taxes of Sellers in respect of the Purchased Assets, which have not been fully paid or finally settled, and any such deficiency shown in Schedule 4.16 is being contested in good faith through appropriate proceedings. Except as set forth in Schedule 4.16, there are no outstanding agreements or waivers extending the applicable statutory periods of limitation for Taxes associated with the Purchased Assets that will be binding upon Buyer after the Closing. Schedule 4.16 sets forth the taxing jurisdictions in which Sellers own assets or conducts business that require a notification to a taxing authority of the transactions contemplated by this Agreement, if the failure to make such notification, or obtain Tax clearance certificates in connection therewith, would either require Buyer to withhold any portion of the Purchase Price or subject Buyer to any liability for any Taxes of Sellers.

4.17 Intellectual Property. Schedule 2.1(l) sets forth all Intellectual Property used in and, individually or in the aggregate with other Intellectual Property, material to the operation or business of the Purchased Assets, each of which is owned by Seller.

4.18 Compliance With Laws. Sellers are in compliance with all applicable laws, rules and regulations with respect to the ownership or operation of the Purchased Assets except where the failure to be in compliance would not, individually or in the aggregate, create a Material Adverse Effect.

4.19 PUHCA. Sellers are wholly owned subsidiaries of GPU, which is a holding company registered under the Public Utility Holding Company Act of 1935.

4.20 Qualified Decommissioning Trust Fund.

(a) The Seller Qualified Decommissioning Trust Fund is a trust, validly existing and in good standing under the laws of the State of New York with all requisite authority to conduct its affairs as it now does. Sellers have heretofore delivered to Buyer a copy of the Decommissioning Indenture as in effect on the date of this Agreement. Sellers agree to furnish Buyer with copies of all amendments of the Decommissioning Indenture adopted after the date of this Agreement promptly after each such amendment has been adopted. The Seller Qualified Decommissioning Trust Fund satisfies the requirements necessary for such Fund to be treated as a "Nuclear Decommissioning Reserve Fund" within the meaning of Code section 468A(a) and as a "Nuclear Decommissioning Fund" and a "Qualified Nuclear Decommissioning Fund" within the meaning of Treas. Reg. § 1.468A-1(b)(3). Such Fund is in compliance in all material respects with all applicable rules and regulations of the NRC, the NJBPU and the IRS. The Seller Qualified Decommissioning Trust Fund has not engaged in any acts of "self-dealing" as defined in Treas. Reg. § 1.468A-5(b)(2). No "excess contribution," as defined in Treas. Reg. § 1.468A-5(c)(2)(ii), has been made to the Seller Qualified Decommissioning Trust Fund which has not been withdrawn within the period provided under Treas. Reg. § 1.468A-5(c)(2)(i) for withdrawals of excess contributions to be made without resulting in a disqualification of the Fund under Treas. Reg § 1.468A-5(c)(1). JCP&L has made

timely and valid elections to make annual contributions to the Seller Qualified Decommissioning Trust Fund since its establishment. Sellers have heretofore delivered copies of such elections to Buyer.

(b) Subject only to Sellers' Required Regulatory Approvals, Sellers have all requisite authority to cause the assets of the Seller Qualified Decommissioning Trust Fund to be transferred to Buyer in accordance with the provisions of this Agreement.

(c) Sellers and/or the Trustee of the Seller Qualified Decommissioning Trust Fund have filed or caused to be filed with the NRC, the IRS and any state or local authority all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by either of them. Sellers have delivered to Buyer a copy of the schedule of ruling amounts most recently issued by the IRS for the Seller Qualified Decommissioning Trust Fund, a copy of the request that was filed to obtain such schedule of ruling amounts and a copy of any pending requests for revised ruling amounts, in each case together with all exhibits, amendments and supplements thereto. As of the Closing, Sellers will have timely filed all requests for revised schedules of ruling amounts for the Seller Qualified Decommissioning Trust Fund in accordance with Treas. Reg. § 1.468A-3(i). Sellers shall furnish Buyer with copies of such requests for revised schedules of ruling amounts, together with all exhibits, amendments and supplements thereto, promptly after they have been filed with the IRS. Any amounts contributed to the Seller Qualified Decommissioning Trust Fund while such requests are pending before the IRS and which turn out to be in excess of the applicable amounts provided in the schedule of ruling amounts issued by the IRS will be withdrawn from the Seller Qualified Decommissioning Trust Fund within the period provided under Treas. Reg. § 1.468A-5(c)(2)(i) for withdrawals of excess contributions to be made without resulting in a disqualification of the Funds under Treas. Reg. § 1.468A-5(c)(1). There are no interim rate orders that may be retroactively adjusted or retroactive adjustments to interim rate orders that may affect amounts that JCP&L may contribute to the Seller Qualified Decommissioning Trust Fund or may require distributions to be made from the Seller Qualified Decommissioning Trust Fund.

(d) Sellers have made available to Buyer the balance sheets for the Seller Qualified Decommissioning Trust Fund as of December 31, 1998 and as of the last Business Day before the Closing, and they present fairly as of December 31, 1998 and as of the last Business Day before Closing, the financial position of the Seller Qualified Decommissioning Trust Fund in conformity with generally accepted accounting principles applied on a consistent basis, except as otherwise noted therein. Sellers have made available to Buyer information from which Buyer can determine the Tax Basis of all assets in the Seller Qualified Decommissioning Trust Fund as of the last Business Day before Closing. There are no liabilities (whether absolute, accrued, contingent or otherwise and whether due or to become due), including, but not limited to, any acts of "self-dealing" as defined in Treas. Reg. §1.468A-5(b)(2) or agency or other legal proceedings that may materially affect the financial position of the Seller Qualified Decommissioning Trust Fund other than those, if any, that are disclosed on Schedule 4.20.

(e) Sellers have made available to Buyer all contracts and agreements to which the Trustee of the Seller Qualified Decommissioning Trust Fund, in its capacity as such, is a party.

(f) The Seller Qualified Decommissioning Trust Fund has filed all Tax Returns required to be filed and all material Taxes shown to be due on such Tax Returns have been paid in full. Except as shown in Schedule 4.20, no notice of deficiency or assessment has been received from any taxing authority with respect to liability for Taxes of the Seller Qualified Decommissioning Trust Fund which have not been fully paid or finally settled, and any such deficiency shown in such Schedule 4.20 is being contested in good faith through appropriate proceedings. Except as set forth in Schedule 4.20, there are no outstanding agreements or waivers extending the applicable statutory periods of limitations for Taxes associated with the Seller Qualified Decommissioning Trust Fund for any period.

(g) To the extent Sellers have pooled the assets of the Seller Qualified Decommissioning Trust Fund for investment purposes in periods prior to Closing, such pooling arrangement is a partnership for federal income tax purposes and Sellers have filed all Tax Returns required to be filed with respect to such pooling arrangement for such periods.

4.21 Nonqualified Decommissioning Trust Fund.

(a) The Seller Nonqualified Decommissioning Trust Fund is a trust validly existing and in good standing under the laws of the State of New York with all requisite authority to conduct its affairs as it now does. The Seller Nonqualified Decommissioning Trust Fund is in full compliance with all applicable rules and regulations of the NRC and the NJBPU.

(b) Subject only to Sellers' Required Regulatory Approvals, Sellers have all requisite authority to cause the assets of the Seller Nonqualified Decommissioning Trust Fund to be transferred to Buyer in accordance with the provisions of this Agreement.

(c) Sellers and/or the Trustee of the Seller Nonqualified Decommissioning Trust Fund have filed or caused to be filed with the NRC and any state or local authority all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by either of them.

(d) Sellers have made available to Buyer the balance sheet for the Seller Nonqualified Decommissioning Trust Fund as of December 31, 1998 and as of the last Business Day before the Closing, and they present fairly as of December 31, 1998 and as of the last Business Day before Closing, the financial position of the Seller Nonqualified Decommissioning Trust Fund in conformity with generally accepted accounting principles applied on a consistent basis, except as otherwise noted therein. There are no liabilities (whether absolute, accrued, contingent or otherwise and whether due or to become due) including, but not limited to, agency or other legal proceedings, that may materially affect the financial position of the Seller Nonqualified Decommissioning Trust Fund other than those, if any, that are disclosed on Schedule 4.21.

(e) Sellers have made available to Buyer all contracts and agreements to which the Trustee of the Seller Nonqualified Decommissioning Trust Fund, in its capacity as such, is a party.

(f) To the extent Sellers have pooled the assets of the Seller Nonqualified Decommissioning Trust Fund for investment purposes in periods prior to the Closing, such pooling arrangement is not a corporation for federal income tax purposes and Sellers have filed all Tax Returns required to be filed with respect to such pooling arrangement for such periods.

4.22 Undisclosed Liabilities. Except as set forth in Schedule 4.22, the Purchased Assets are not subject to any material liability or obligation (whether absolute, contingent or otherwise) that has not been accrued or reserved against in Sellers' financial statements as of the end of the most recent fiscal quarter for which such statements are available or disclosed in the notes thereto in accordance with generally accepted accounting principles consistently applied.

4.23 Year 2000 Qualified. Sellers have taken, and will continue to take, all reasonable steps necessary to address the computer software and application issues raised by Year 2000 and as of the Closing Date all of Sellers' computer software and applications affecting the Purchased Assets will be Year 2000 Qualified, except to the extent that any non-qualification does not create a Material Adverse Effect.

4.24 DISCLAIMERS REGARDING PURCHASED ASSETS. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS ARTICLE IV OR AS MAY BE EXPRESSLY SET FORTH IN THE ANCILLARY AGREEMENTS, THE PURCHASED ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS", AND EXCEPT FOR SUCH REPRESENTATIONS AND WARRANTIES SELLERS EXPRESSLY DISCLAIM ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO LIABILITIES, OPERATIONS OF THE PLANT, THE TITLE, CONDITION, VALUE OR QUALITY OF THE PURCHASED ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE PURCHASED ASSETS AND SELLERS SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PURCHASED ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR THE APPLICABILITY OF ANY GOVERNMENTAL REQUIREMENTS, INCLUDING BUT NOT LIMITED TO ANY ENVIRONMENTAL LAWS, OR WHETHER SELLERS POSSESS SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE PURCHASED ASSETS. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLERS FURTHER

SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS WITH RESPECT TO THE PURCHASED ASSETS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, SELLERS EXPRESSLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE PURCHASED ASSETS OR THE SUITABILITY OF THE PURCHASED ASSETS FOR OPERATION AS A POWER PLANT AND NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY SELLERS OR THEIR REPRESENTATIVES, OR BY ANY BROKER OR INVESTMENT BANKER, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE PURCHASED ASSETS.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows:

5.1 Organization. Buyer is a Delaware limited liability company, duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as is now being conducted. Buyer is, or by the Closing will be, qualified to do business in the State of New Jersey. Buyer has heretofore delivered to Sellers complete and correct copies of its Certificate of Formation and Operating Agreement (or other similar governing documents) as currently in effect.

5.2 Authority Relative to this Agreement. Buyer has full organizational power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action required on the part of Buyer. This Agreement has been duly and validly executed and delivered by Buyer. Subject to the receipt of Buyer Required Regulatory Approvals, this Agreement constitutes a legal, valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent

conveyance, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

5.3 Consents and Approvals; No Violation.

(a) Except as set forth in Schedule 5.3(a), and other than obtaining Buyer Required Regulatory Approvals, neither the execution and delivery of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby will (i) conflict with or result in any breach or violation of any provision of the Certificate of Formation or Operating Agreement (or other similar governing documents) of Buyer, or (ii) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, or (iii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Buyer or any of its Subsidiaries is a party or by which any of their respective assets may be bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, have a material adverse effect on the business, assets, operations or condition (financial or otherwise) of Buyer ("Buyer Material Adverse Effect") or (iv) violate any law, regulation, order, judgment or decree applicable to Buyer, which violations, individually or in the aggregate, would create a Buyer Material Adverse Effect.

(b) Except as set forth in Schedule 5.3(b) (the filings and approvals referred to in such Schedule are collectively referred to as the "Buyer Required Regulatory Approvals"), no consent or approval of, filing with, or notice to, any Governmental Authority is necessary for Buyer's execution and delivery of this Agreement, or the consummation by Buyer of the transactions contemplated hereby, other than such consents, approvals, filings or notices, which, if not obtained or made, will not prevent Buyer from performing its obligations under this Agreement.

5.4 Legal Proceedings. There are no actions or proceedings pending against Buyer before any court or arbitrator or Governmental Authority, which, individually or in the aggregate, could reasonably be expected to create a Buyer Material Adverse Effect. Buyer is not subject to any outstanding judgments, rules, orders, writs, injunctions or decrees of any court, arbitrator or Governmental Authority which would, individually or in the aggregate, create a Buyer Material Adverse Effect.

5.5 Inspections. Buyer acknowledges and agrees that it has, prior to its execution of this Agreement, (i) reviewed the Environmental Reports (other than Buyer's Environmental Inspection), and (ii) except as contemplated by Section 6.2, has had full opportunity to conduct and has completed to its satisfaction Inspections of the Purchased Assets. Subject to Sections 6.2(a), (h) and (i) , Buyer acknowledges that it is satisfied through such review and Inspections that no further investigation and study on or of the Site is necessary for the purposes of acquiring the Purchased Assets for Buyer's intended use. Buyer acknowledges and agrees that subject to Sellers' representations, warranties and covenants contained in this Agreement and the Ancillary Agreements and the terms, conditions, limitations and indemnities provided herein, it will assume at the Closing the risk that adverse past, present, and future physical characteristics and Environmental Conditions may not have been revealed by the Inspections and the investigations of the Purchased Assets contained in the Environmental Reports.

5.6 WARN Act. Buyer does not intend to engage in a Plant Closing or Mass Layoff as such terms are defined in the WARN Act within sixty (60) days of the Closing Date.

ARTICLE VI

COVENANTS OF THE PARTIES

6.1 Conduct of Business Relating to the Purchased Assets.

(a) Except as described in Schedule 6.1 or as expressly contemplated by this Agreement or to the extent Buyer otherwise consents in writing, during the period from the date of this Agreement to the Closing Date, Sellers (i) will operate

the Purchased Assets in the ordinary course of business consistent with Good Utility Practices, (ii) shall use all Commercially Reasonable Efforts to preserve intact such Purchased Assets, and endeavor to preserve the goodwill and relationships with customers, suppliers and others having business dealings with them, (iii) shall maintain the insurance coverage described in Section 4.4, (iv) shall comply in all material respects with all applicable laws relating to the Purchased Assets, including without limitation, all Nuclear Laws and Environmental Laws, and (v) shall continue with Sellers' program, or (at Buyer's expense) as Buyer may direct, to install such equipment or software with respect to Year 2000 Qualification in accordance with Sellers' plans referred to in Section 2.1(k). Without limiting the generality of the foregoing, and, except as (x) contemplated in this Agreement, (y) described in Schedule 6.1, or (z) required under applicable law or by any Governmental Authority, prior to the Closing Date, without the prior written consent of Buyer, Sellers shall not with respect to the Purchased Assets:

(i) Make any material change in the levels of Inventories customarily maintained by Sellers or their Affiliates with respect to the Purchased Assets, other than changes which are consistent with Good Utility Practices;

(ii) Sell, lease (as lessor), encumber, pledge, transfer or otherwise dispose of, any material Purchased Assets individually or in the aggregate (except for Purchased Assets used, consumed or replaced in the ordinary course of business consistent with past practices of Sellers or their Affiliates or with Good Utility Practices) other than to encumber Purchased Assets with Permitted Encumbrances;

(iii) Modify, amend or voluntarily terminate prior to the expiration date any of Sellers' Agreements or Real Property Leases or any of the Permits or Environmental Permits or waive any default by, or release, settle or compromise and claim against, any other party thereto, in any material respect, other than (a) in the ordinary course of business, to the extent consistent with Good Utility Practices, (b) with cause, to the extent consistent with Good Utility Practices, or (c) as may be required in

connection with transferring Sellers' rights or obligations thereunder to Buyer pursuant to this Agreement;

(iv) Sell, lease or otherwise dispose of Emission Allowances, or Emission Reduction Credits identified in Schedule 2.1(h), except to the extent necessary to operate the Purchased Assets in accordance with this Section 6.1;

(v) Except as otherwise provided herein or in connection with the 18R Outage and consistent with the Outage Plan, enter into any commitment for the purchase or sale of nuclear fuel having a term that extends beyond March 31, 2000 or such other date that the Parties mutually agree;

(vi) Enter into any power sales agreement having a term that extends beyond March 31, 2000 or such other date that the Parties mutually agree to be the date on which the Closing is expected to occur;

(vii) Except as otherwise provided herein or in connection with the 18R Outage and consistent with the Outage Plan, enter into any contract, agreement, commitment or arrangement relating to the Purchased Assets for goods or services not addressed in clauses (i) through (vi) that individually requires the payment for or delivery of goods or services with a value exceeding $100,000 per annum and extends beyond March 31, 2000, unless it is terminable by Sellers (or, after the Closing, by Buyer) without penalty or premium upon no more than sixty (60) days notice;

(viii) Except as otherwise required by the terms of the Collective Bargaining Agreement, (a) hire at, or transfer to the Purchased Assets, any new employees prior to the Closing, other than to fill vacancies in existing positions in the reasonable discretion of Sellers, (b) increase salaries or wages of employees employed in connection with the Purchased Assets prior to the Closing other than in the ordinary course of business and in accordance with Sellers' past practices, (c) take any action prior to the Closing to effect a change in the Collective Bargaining Agreement or any other Employee agreement being assumed by Buyer, or (d) take any action

prior to the Closing to increase the aggregate benefits payable to the employees employed in connection with the Purchased Assets other than increases for Non-Union Employees in the ordinary course of business and in accordance with Sellers' past practices or (e) enter into any employment contracts with employees at the Purchased Assets or any collective bargaining agreements with labor organizations representing such employees;

(ix) Make any Capital Expenditures except as permitted by Section 3.3(a)(ii) or for Sellers' account; and

(x) Except as otherwise provided herein, enter into any written or oral contract, agreement, commitment or arrangement with respect to any of the proscribed transactions set forth in the foregoing paragraphs (i) through (ix).

(b) Subject to applicable NRC rules and regulations, a committee comprised of one or more senior representatives designated by Sellers and one or more senior representatives designated by Buyer (the "Transition Committee") will be established as soon as practicable after the execution of this Agreement to permit Buyer to observe and advise Sellers regarding the operation of the Purchased Assets and to facilitate the transfer of the Purchased Assets to Buyer at the Closing. The Transition Committee will be kept fully apprised by GPUN of all the Plant's management and operating developments. The Transition Committee shall arrange for Buyer to assess the Plant's management and employees and shall have access to the management and board of directors of GPUN. The Transition Committee shall be accountable directly to the respective chief executive officers of Buyer and GPUN and shall from time to time report its findings to the senior management of each of Sellers and Buyer.

(c) Sellers shall advise Buyer regarding implementation or changes in PJM rules or procedures which are reasonably likely to have a Material Adverse Effect on the Plant. Sellers agree that they will not take or cause to be taken any action to reduce the current installed capacity credit PJM has assigned to the Plant under PJM rules, regulations or policies in effect on the date hereof; provided, however, that

the foregoing shall in no way restrict or prohibit Sellers from taking or causing to take any such action which generally affects Sellers' generating facilities.

6.2 Access to Information.

(a) Between the date of this Agreement and the Closing Date, Sellers will, at reasonable times and upon reasonable notice and subject to compliance with all applicable NRC rules and regulations: (i) give Buyer and its Representatives reasonable access to its managerial personnel and to all books, records, plans, equipment, offices and other facilities and properties constituting the Purchased Assets; (ii) furnish Buyer with such financial and operating data and other information with respect to the Purchased Assets as Buyer may from time to time reasonably request, and permit Buyer to make such reasonable Inspections thereof as Buyer may request; (iii) furnish Buyer at its request a copy of each material report, schedule or other document filed by Sellers or any of their Affiliates with respect to the Purchased Assets with the NRC, SEC, FERC, NJDEP, NJBPU or any other Governmental Authority; and (iv) furnish Buyer with all such other information as shall be reasonably necessary to enable Buyer to verify the accuracy of the representations and warranties of Sellers contained in this Agreement; provided, however, that (A) any such inspections and investigations shall be conducted in such a manner as not to interfere unreasonably with the operation of the Purchased Assets, (B) Sellers shall not be required to take any action which would constitute a waiver of the attorney-client privilege, and (C) Sellers need not supply Buyer with any information which Sellers are under a legal or contractual obligation not to supply. Notwithstanding anything in this Section 6.2 to the contrary, Sellers will furnish or provide such access to Transferring Employee Records or access to other employee personnel records or medical information only to the extent not prohibited by law, regulatory process or subpoena unless specifically authorized by the affected employee, and Buyer shall not have the right to administer to any of Sellers' employees any skills, aptitudes, psychological profile, or other employment related test except that Buyer may administer such tests to Sellers' Non-Union Employees if specifically authorized by the affected employee.

(b) Each Party shall, and shall use its best efforts to cause its Representatives to, (i) keep all Proprietary Information of the other Party confidential and not to disclose or reveal any such Proprietary Information to any person other than such Party's Representatives and (ii) not use such Proprietary Information other than in connection with the consummation of the transactions contemplated hereby. After the Closing Date, any Proprietary Information to the extent related to the Purchased Assets shall no longer be subject to the restrictions set forth herein. The obligations of the Parties under this Section 6.2(b) shall be in full force and effect for three (3) years from the date hereof and will survive the termination of this Agreement, the discharge of all other obligations owed by the Parties to each other and the closing of the transactions contemplated by this Agreement.

(c) For a period of seven (7) years after the Closing Date (or such longer period as may be required by applicable law or Section 6.8(f)), each Party and its Representatives shall have reasonable access to all of the books and records of the Purchased Assets, including all Transferring Employee Records in the possession of the other Party to the extent that such access may reasonably be required by such Party in connection with the Assumed Liabilities or the Excluded Liabilities, or other matters relating to or affected by the operation of the Purchased Assets. Such access shall be afforded by the Party in possession of any such books and records upon receipt of reasonable advance written notice and during normal business hours. The Party exercising this right of access shall be solely responsible for any costs or expenses incurred by it or the other Party with respect to such access pursuant to this Section 6.2(c). If the Party in possession of such books and records shall desire to dispose of any books and records upon or prior to the expiration of such seven-year period (or any such longer period), such Party shall, prior to such disposition, give the other Party a reasonable opportunity at such other Party's reasonable expense, to segregate and remove such books and records as such other Party may select.

(d) Notwithstanding the terms of Section 6.2(b) above, the Parties agree that prior to the Closing Buyer may reveal or disclose Proprietary Information to any other Persons in connection with Buyer's financing of its purchase of the Purchased Assets or any equity participation in Buyer's purchase

of the Purchased Assets (provided that such Persons agree in writing to maintain the confidentiality of the Proprietary Information in accordance with this Agreement).

(e) Upon the other Party's prior written approval (which will not be unreasonably withheld or delayed), either Party may provide Proprietary Information of the other Party to the NJBPU, NYPSC, PaPUC, SEC, NRC, FERC or any other Governmental Authority with jurisdiction or any stock exchange, as may be necessary to obtain Sellers' Required Regulatory Approvals, or Buyer Required Regulatory Approvals, respectively, or to comply generally with any relevant law or regulation. The disclosing Party will seek confidential treatment for the Proprietary Information provided to any Governmental Authority and the disclosing Party will notify the other Party as far in advance as is practicable of its intention to release to any Governmental Authority any Proprietary Information.

(f) Except as specifically provided herein or in the Confidentiality Agreement, nothing in this Section shall impair or modify any of the rights or obligations of Buyer or its Affiliates under the Confidentiality Agreement, all of which remain in effect until termination of such agreement in accordance with its terms.

(g) Except as may be permitted in the Confidentiality Agreement, Buyer agrees that, prior to the Closing Date, it will not contact any vendors, suppliers, employees, or other contracting parties of Sellers or their Affiliates with respect to any aspect of the Purchased Assets or the transactions contemplated hereby, without the prior written consent of Sellers, which consent shall not be unreasonably withheld.

(h) (i) Buyer shall be entitled to inspect, in accordance with this Section 6.2(h), all of the Purchased Assets located adjacent to any Point of Interconnection (as defined in the Interconnection Agreement), as shown in Schedule A to the Interconnection Agreement, to verify and/or determine the accuracy of the data, drawings, and records described in such Schedule. The Parties shall cooperate to schedule Buyer's Inspection at the Plant so that any interference with the operation of the Plant is minimized, to the extent reasonably feasible, and so that Buyer may complete its Inspections of the Plant within thirty (30) working days of commencement of

Inspections and within two (2) months after the execution of this Agreement.

(ii) Sellers shall provide, or shall cause to be provided, to Buyer, access to the Plant at the times scheduled for the Inspections referred to in clause (i) above. Sellers shall provide qualified engineering, operations, and maintenance personnel to escort Buyer's personnel and to assist Buyer's personnel in conducting the Inspections. Sellers and Buyer shall each bear their own costs of participating in the Inspections. At a mutually convenient time not more than one (1) month after Buyer has completed its Inspections, the Parties shall meet to discuss whether, as a result of the Inspections, it is appropriate to modify Schedule A to the Interconnection Agreement to portray more accurately the Points of Interconnection. Any modification to any portion of Schedule A of the Interconnection Agreement to which the Parties agree shall thereafter be deemed part of Schedule A of the Interconnection Agreement for all purposes under the Interconnection Agreement.

(i) Between the date hereof and the Closing Date, Sellers shall, permit Buyer or Buyer's Representatives upon Buyer's request and at Buyer's sole cost and expense to perform additional environmental testing on the Site ("Buyer's Environmental Inspection") at reasonable times and upon reasonable notice to Sellers. The general nature and scope of the initial Buyer's Environmental Inspection is set forth on Schedule 6.2(i). Buyer may, subject to Sellers' consent, which consent shall not be unreasonably withheld, conduct further Inspections if, based on the results of the initial Buyer's Environmental Inspection, such further Inspection is reasonably warranted. Buyer agrees to comply, and cause its Representatives to comply, with all safety and security policies adopted by Sellers relating to the Purchased Assets. All environmental testing performed by Buyer or Buyer's Representatives on the Site shall be performed in accordance with all applicable NRC and other legal or regulatory requirements of Governmental Authorities and in any event shall not unreasonably interfere with the operation of the Plant or the Purchased Assets.

6.3 Public Statements. Subject to the requirements imposed by any applicable law or any Governmental Authority or

stock exchange, prior to the Closing Date, no press release or other public announcement or public statement or comment in response to any inquiry relating to the transactions contemplated by this Agreement shall be issued or made by any Party without the prior approval of the other Parties (which approval shall not be unreasonably withheld). The Parties agree to cooperate in preparing such announcements.

6.4 Expenses. Except to the extent specifically provided herein, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Party incurring such costs and expenses. Notwithstanding anything to the contrary herein, Buyer will be responsible for (a) all costs and expenses associated with the obtaining of any title insurance policy and all endorsements thereto that Buyer elects to obtain and (b) all filing fees under the HSR Act.

6.5 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties hereto shall use its Commercially Reasonable Efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the purchase and sale of the Purchased Assets pursuant to this Agreement and the assumption of the Assumed Liabilities, including without limitation using its best efforts to ensure satisfaction of the conditions precedent to each Party's obligations hereunder, including obtaining all necessary consents, approvals, and authorizations of third parties and Governmental Authorities required to be obtained in order to consummate the transactions hereunder, and to effectuate a transfer of the Transferable Permits to Buyer. Buyer agrees to perform all conditions required of Buyer in connection with Sellers' Required Regulatory Approvals, other than those conditions which would create a Buyer Material Adverse Effect. None of the Parties hereto shall, without prior written consent of the other Party, take or fail to take any action, which might reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by this Agreement.

(b) Buyer agrees that prior to the Closing Date, neither Buyer nor any of its Affiliates will enter into any other contract to acquire, nor acquire, electric generation facilities located in the control area recognized by the North American Reliability Council as the PJM Control Area if the proposed acquisition of such additional electric generation facilities might reasonably be expected to prevent or materially impede, interfere with or delay the transactions contemplated by this Agreement; provided, however, that the foregoing shall not prohibit Buyer or any of its Affiliates either from acquiring or agreeing to acquire an ownership interest in the Peach Bottom Nuclear Generating Station from Conectiv, Inc. or adding generating capacity to their present generating facilities. Buyer shall give Sellers reasonable advance notice (and in any event not less than ten (10) days) before Buyer enters into any contract to acquire or acquires any electric generation facility located in said PJM Control Area.

(c) In the event that any Purchased Asset shall not have been conveyed to Buyer at the Closing, Sellers shall, subject to Section 6.5(d) and (e), use Commercially Reasonable Efforts to convey such asset to Buyer as promptly as is practicable after the Closing. In the event that any Easement shall not have been granted by Buyer to Sellers at the Closing, Buyer shall use Commercially Reasonable Efforts to grant such Easement to Sellers as promptly as is practicable after the Closing.

(d) To the extent that Sellers' rights under any Sellers' Agreement or Real Property Lease may not be assigned without the consent of another Person which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign the same, if an attempted assignment would constitute a breach thereof or be unlawful. Sellers and Buyer agree that if any consent to an assignment of any material Sellers' Agreement or Real Property Lease shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer's rights and obligations under the material Sellers' Agreement or Real Property Lease in question, so that Buyer would not in effect acquire the benefit of all such rights and obligations, Sellers, at Buyer's option and to the maximum extent permitted by law and such material Sellers' Agreement or Real Property Lease, shall, after the Closing Date, appoint Buyer to be Sellers' agent with respect to such material

Sellers' Agreement or Real Property Lease, or, to the maximum extent permitted by law and such material Sellers' Agreement or Real Property Lease, enter into such reasonable arrangements with Buyer or take such other actions as are necessary to provide Buyer with the same or substantially similar rights and obligations of such material Sellers' Agreement or Real Property Lease as Buyer may reasonably request. Sellers and Buyer shall cooperate and shall each use Commercially Reasonable Efforts prior to and after the Closing Date to obtain an assignment of such material Sellers' Agreement or Real Property Lease to Buyer.

(e) To the extent that Sellers' rights under any warranty or guaranty described in Section 2.1(i) may not be assigned without the consent of another Person, which consent has not been obtained by the Closing Date, this Agreement shall not constitute an agreement to assign same, if an attempted assignment would constitute a breach thereof, or be unlawful. Sellers and Buyer agree that if any consent to an assignment of any such warranty or guaranty shall not be obtained, or if any attempted assignment would be ineffective or would impair Buyer's rights and obligations under the warranty or guaranty in question, so that Buyer would not in effect acquire the benefit of all such rights and obligations, Sellers, at Buyer's expense, shall use Commercially Reasonable Efforts, to the extent permitted by law and such warranty or guaranty, to enforce such warranty or guaranty for the benefit of Buyer so as to provide Buyer to the maximum extent possible with the benefits and obligations of such warranty or guaranty.

6.6 Consents and Approvals.

(a) As promptly as practicable after the date of this Agreement, Sellers and Buyer, as applicable, shall each file or cause to be filed with the Federal Trade Commission and the United States Department of Justice any notifications required to be filed under the HSR Act and the rules and regulations promulgated thereunder with respect to the transactions contemplated hereby. The Parties shall use their respective best efforts to respond promptly to any requests for additional information made by either of such agencies, and to cause the waiting periods under the HSR Act to terminate or expire at the earliest possible date after the date of filing. Buyer will pay

all filing fees under the HSR Act but each Party will bear its own costs of the preparation of any filing.

(b) As promptly as practicable after the date of this Agreement and following receipt of any requisite determinations by other Governmental Authorities which are a precondition thereto, Buyer shall file with the FERC an application requesting Exempt Wholesale Generator status for Buyer, which filing may be made individually or in conjunction with other filings to be made with the FERC under this Agreement, as reasonably determined by the Parties. Prior to Buyer's submission of that application with the FERC, Buyer shall submit such application to Sellers for review and comment and Buyer shall incorporate into the application any revisions reasonably requested by Sellers. Buyer shall be solely responsible for the cost of preparing and filing this application, any petition(s) for rehearing, or any re-application. If Buyer's initial application for Exempt Wholesale Generator status is rejected by the FERC, Buyer agrees to petition the FERC for rehearing and/or to re-submit an application with the FERC, as reasonably required by Sellers, provided that in either case the action directed by Sellers does not create a Buyer Material Adverse Effect.

(c) As promptly as practicable after the date of this Agreement, Buyer shall file with the FERC pursuant to Section 205 of the Federal Power Act a notification of change in status concerning its market-based rate authority by which Buyer shall notify the FERC of the change in status associated with its purchase of the Plant's additional generating capacity and request the FERC to confirm that such change in status will not affect Buyer's authority to engage in market-based rate wholesale power sale transactions, which filing may be made individually by Buyer or jointly with Sellers in conjunction with other filings to be made with the FERC under this Agreement, as reasonably determined by the Parties. Prior to the filing of that application with the FERC, Buyer shall submit such application to Sellers for review and comment and Buyer shall incorporate into the application any revisions reasonably requested by Sellers. Buyer shall be solely responsible for the cost of preparing and filing this application, any petition(s) for rehearing, or any reapplication. If Buyer's filing results in a FERC request for additional information or is rejected by the FERC, Buyer shall provide that information promptly,

petition the FERC for rehearing and/or to re-submit the filing with the FERC, as reasonably required by Sellers, provided that Sellers shall have a reasonable opportunity to make changes to such a filing or re-submission and, provided further, that the action directed by Sellers does not create a Buyer Material Adverse Effect.

(d) As promptly as practicable, and in any case within sixty (60) days after the date of this Agreement, Sellers and Buyer, as applicable, shall file with the NJBPU, the NYPSC, the FERC and any other Governmental Authority, and any other filings required to be made with respect to the transactions contemplated hereby. The Parties shall respond promptly to any requests for additional information made by such agencies, and use their respective best efforts to cause regulatory approval to be obtained at the earliest possible date after the date of filing. Each Party will bear its own costs of the preparation of any such filing.

(e) Without limitation of Section 10.11, Sellers and Buyer shall cooperate with each other and promptly prepare and file notifications with, and request Tax clearances from, state and local taxing authorities in jurisdictions in which a portion of the Purchase Price may be required to be withheld or in which Buyer would otherwise be liable for any Tax liabilities of Sellers pursuant to such state and local Tax law.

(f) Buyer shall have the primary responsibility for securing the transfer, reissuance or procurement of the Permits and Environmental Permits (other than Transferable Permits) effective as of the Closing Date. Sellers shall cooperate with Buyer's efforts in this regard and assist in any transfer or reissuance of a Permit or Environmental Permit held by Sellers or the procurement of any other Permit or Environmental Permit when so requested by Buyer.

(g) As promptly as practicable after the date of this Agreement, Buyer and Sellers shall file with the NRC an application requesting consent under Section 184 of the Atomic Energy Act and 10 CFR §50.80 for the transfer of the Plant license from Sellers to Buyer, and any associated licenses, amendments or approvals. The Parties shall respond promptly to any requests for additional information made by the NRC and use their respective best efforts to cause regulatory approval to be

obtained at the earliest possible date after the date of filing. Each Party will bear its own costs of the preparation of any such filing.

(h) As promptly as practicable after the date of this Agreement, Sellers and Buyer, as applicable, shall file with the IRS the requests for private letter rulings described in Sections 7.1(m) and 7.2(j). The Parties shall respond promptly to any requests for additional information made by the IRS, and use their respective Commercially Reasonable Efforts to cause the private letter rulings to be obtained at the earliest possible date after the date of filing. Each of Sellers and Buyer shall cooperate with one another to secure the private letter rulings described in Sections 7.1(m) and 7.2(j) and each shall have the right to review in advance all information included in the requests for private letter rulings and supplemental submissions to the IRS. Each Party will bear its own costs of the preparation of such requests.

6.7 Fees and Commissions. Sellers, on the one hand, and Buyer, on the other hand, represent and warrant to the other that, no broker, finder or other Person is entitled to any brokerage fees, commissions or finder's fees in connection with the transaction contemplated hereby by reason of any action taken by the Party making such representation. Sellers, on the one hand, and Buyer, on the other hand, will pay to the other or otherwise discharge, and will indemnify and hold the other harmless from and against, any and all claims or liabilities for all brokerage fees, commissions and finder's fees incurred by reason of any action taken by the indemnifying party.

6.8 Tax Matters.

(a) All transfer and sales taxes incurred in connection with this Agreement and the transactions contemplated hereby (including, without limitation, (a) New Jersey sales tax; and (b) the New Jersey realty transfer taxes on conveyances of interests in real property, shall be borne equally by Buyer and Sellers. Sellers shall file, to the extent required by, or permissible under, applicable law, all necessary Tax Returns and other documentation with respect to all such transfer and sales taxes, and, if required by applicable law, Buyer shall join in the execution of any such Tax Returns and other documentation. Prior to the Closing Date, to the extent applicable, Buyer shall

provide to Sellers appropriate certificates of Tax exemption from each applicable taxing authority.

(b) With respect to Taxes to be prorated in accordance with Section 3.5 of this Agreement, Buyer shall prepare and timely file all Tax Returns required to be filed after the Closing Date with respect to the Purchased Assets, if any, and shall duly and timely pay all such Taxes shown to be due on such Tax Returns. Buyer's preparation of any such Tax Returns shall be subject to Sellers' approval, which approval shall not be unreasonably withheld. Buyer shall make such Tax Returns available for Sellers' review and approval no later than fifteen (15) Business Days prior to the due date for filing each such Tax Return.

(c) Within fifteen (15) Business Days after receipt of a Tax Return referred to in Section 6.8(b), Sellers shall pay to Buyer Sellers' share of the amount shown on such Tax Return, less payments on account of such Taxes previously made by Sellers. To the extent that Sellers' previous payments exceed Sellers' share, the Buyer shall pay such excess to Sellers. With respect to real estate taxes, evidence of payment shall be delivered by Sellers to Buyer at the Closing.

(d) Buyer and Sellers shall provide the other with such assistance as may reasonably be requested by the other Party in connection with the preparation of any Tax Return, any audit or other examination by any taxing authority, or any judicial or administrative proceedings relating to liability for Taxes, and each shall retain and provide the requesting party with any records or information which may be relevant to such return, audit, examination or proceedings. Any information obtained pursuant to this Section 6.8(d) or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other instrument relating to Taxes shall be kept confidential by the Parties hereto. Schedule 6.8 sets forth procedures to be followed with respect to the tax appeals and audits referred to therein.

(e) In the event that a dispute arises between Sellers and Buyer as to the amount of Taxes, or indemnification, or the amount of any allocation of Purchase Price under Section 3.4 hereof, the Parties shall attempt in good faith to resolve such dispute, and any agreed upon amount shall be paid to the

appropriate Party. If such dispute is not resolved thirty (30) days thereafter, the Parties shall submit the dispute to the Independent Accounting Firm for resolution, which resolution shall be final, conclusive and binding on the Parties. Notwithstanding anything in this Agreement to the contrary, the fees and expenses of the Independent Accounting Firm in resolving the dispute shall be borne equally by Sellers and Buyer. Any payment required to be made as a result of the resolution of the dispute by the Independent Accounting Firm shall be made within ten days after such resolution, together with any interest determined by the Independent Accounting Firm to be appropriate.

(f) Buyer and Sellers shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Agreement and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees (to the extent such employees were responsible for the preparation, maintenance or interpretation of information and documents relevant to Tax matters or to the extent required as witnesses in any Tax proceedings), available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Parties agree to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other Party so requests, Buyer or Sellers, as the case may be, shall allow the other Party to take possession of such books and records.

Buyer and Sellers further agree, upon request, to use Commercially Reasonable Efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

6.9 Advice of Changes. Prior to the Closing, each Party will promptly advise the other in writing with respect to any matter arising after execution of this Agreement of which that Party obtains Knowledge and which, if existing or occurring at

the date of this Agreement, would have been required to be set forth in this Agreement, including any of the Schedules hereto, or of any breach of any representation or warranty or of any other condition or circumstance that would excuse a Party of timely performance of its obligations hereunder. Sellers may at any time notify Buyer of any development causing a breach of any of their representations and warranties in Article IV. Unless Buyer has the right to terminate this Agreement pursuant to Section 9.1(e) below by reason of the developments and exercises that right within the period of fifteen (15) days after such right accrues, the written notice pursuant to this Section 6.9 will be deemed to have amended this Agreement, including the appropriate Schedule, to have qualified the representations and warranties contained in Article IV above; provided, however, that no such change in Schedule 2.3(e) may be made without Buyer's consent. Sellers shall be entitled to amend, substitute or otherwise modify any Sellers' Agreement to the extent that such Sellers' Agreement expires by its terms prior to the Closing Date or is terminable without liability to Buyer on or after the Closing Date, or if the terms and conditions of such modified Sellers' Agreement constituting the Assumed Liabilities are on terms and conditions not less favorable to Buyer than the original Sellers' Agreement. Nothing contained herein shall relieve Sellers or Buyer of any breach of representation, warranty or covenant under this Agreement existing as of the date hereof or any subsequent date as of which such representation, warranty or covenant shall have been made.

6.10 Employees.

(a) At least ninety (90) days prior to the Closing Date, Buyer shall provide Sellers with notice of its Union Employee staffing level requirements (which Buyer may determine in its sole discretion), listed by classification and operation, and shall offer employment to that number of Union Employees necessary to satisfy such staffing level requirements. As used herein, "Union Employees" means such employees of Sellers who are covered by the Collective Bargaining Agreement as defined in Section 6.10(d) below, and who are listed in, or whose employment responsibilities are listed in, Schedule 6.10(a)(i) as "Plant Employees" or as "Dedicated Support Staff" as associated with the Plant.

(b) As used herein, "Non-Union Employees" means such salaried employees of Sellers who are listed in, or whose employment responsibilities are listed in, Schedule 6.10(b) as "Plant Employees" or "GPUN Parsippany Support Staff". At least ninety (90) days prior to the Closing Date, Buyer shall provide Sellers with notice of their staffing level requirements (which Buyer may determine in its sole discretion), listed by classification and operation, for those employees who are listed in, or whose employment responsibilities are listed in, Schedule 6.10(b) as Plant Employees, and Buyer shall offer employment to that number of such employees necessary to satisfy such staffing level requirements. Buyer shall also have the opportunity to interview and make offers of employment to such of the employees listed in, or whose employment responsibilities are listed in, Schedule 6.10(b) as GPUN Parsippany Support Staff, as Buyer determines in its discretion. Each person who becomes employed by Buyer or any of its Affiliates as a result of an offer of employment made pursuant to Section 6.10(a) or this Section 6.10(b) shall be referred to herein as a "Transferred Union Employee" or "Transferred Non-Union Employee", respectively.

(c) All offers of employment made pursuant to Sections 6.10(a) or (b) shall be made in accordance with all applicable laws and regulations, and in addition, for Union Employees, in accordance with seniority and all other applicable provisions of the Collective Bargaining Agreement. Each of Sellers agrees that it will not, during the period from January 1, 2000 to the Closing Date, terminate the employment of any Union Employee, or any Non-Union Employee who is listed in, or whose employment responsibilities are listed in, Schedule 6.10(b), for any reason except for cause, without the prior written consent of Buyer.

(d) Schedule 6.10(d) sets forth the collective bargaining agreement, the Agreement Resulting from the Sale of Oyster Creek Nuclear Generating Station dated July 13, 1999, and amendments thereto, to which Sellers are a party with the System Council and/or with IBEW Local 1289 in connection with the Purchased Assets ("Collective Bargaining Agreement"). Transferred Union Employees shall retain their seniority and receive full credit for service with Sellers in connection with entitlement to vacation and all other benefits and rights under

the Collective Bargaining Agreement and under each compensation, retirement or other employee benefit plan or program Buyer is required to maintain for Transferred Union Employees pursuant to the Collective Bargaining Agreement. For purposes of Buyer's pension plan, the service credit so given shall be for purposes of eligibility and vesting, but shall not be for purposes of level of benefits and benefit accrual except to the extent Buyer Benefit Plan provides otherwise. With respect to Transferred Union Employees, effective as of the Closing Date, Buyer shall assume the Collective Bargaining Agreement for the duration of its term as it relates to Transferred Union Employees to be employed at the Plant in positions covered by the Collective Bargaining Agreement and shall thereafter comply with all applicable obligations under the Collective Bargaining Agreement. Consistent with its obligations under the Collective Bargaining Agreement and applicable laws, Buyer shall be required to establish and maintain a pension plan and other employee benefit programs for the Transferred Union Employees for the duration of the term of the Collective Bargaining Agreement which are substantially equivalent to Sellers' plans and programs in effect for the Transferred Union Employees immediately prior to the Closing Date (the "Sellers' Plans"), and which provide at least the same level of benefits or coverage as do Sellers' Plans for the duration of the Collective Bargaining Agreement. Buyer further agrees to recognize IBEW Local 1289 as the collective bargaining agent for the Transferred Union Employees.

(e) In connection with the welfare benefit plans that Buyer or its Affiliates will provide for the Transferred Non-Union Employees pursuant to Sections 6.10(d) and 6.10(f) (the "Replacement Welfare Plans"), Buyer shall (i) waive all limitations as to pre-existing condition exclusions and waiting periods with respect to the Transferred Employees under the Replacement Welfare Plans, other than, but only to the extent of, limitations or waiting periods that were in effect with respect to such employees under the welfare plans maintained by Sellers or their Affiliates and that have not been satisfied as of the Closing Date, and (ii) provide each Transferred Employee with credit for any co-payments and deductibles paid prior to the Closing Date in satisfying any deductible or out-of-pocket requirements under the Replacement Welfare Plans (on a pro-rata basis in the event of a difference in plan years).

(f) As of the Closing Date, Buyer shall adopt employee benefit plans that will provide the Transferred Non-Union Employees with benefits or coverage substantially similar to the benefits or coverage provided under Sellers' plans and programs in effect for the Transferred Non-Union Employees immediately prior to the Closing Date ("Buyer's Benefit Plans"). Under each of the Buyer's Benefit Plans, the Transferred Non-Union Employees shall be given credit for all of their service with GPUN and its Affiliates. The service credit so given shall be for purposes of eligibility and vesting, but shall not be for purposes of level of benefits and benefit accrual except to the extent that the Buyer Benefit Plans otherwise provide.

(g) To the extent allowable by law, Buyer shall take any and all necessary action to cause the trustee of any defined contribution plan of Buyer or its Affiliates in which any Transferred Employee becomes a participant to accept a direct "rollover" of all or a portion of said employee's "eligible rollover distribution" within the meaning of section 402 of the Code from the GPU Companies Employee Savings Plan for Non-Bargaining Employees or from the GPU Companies Employee Savings Plan for Employees represented by the System Council or by IBEW Local 1289 if requested to do so by the Transferred Employee.

(h) (1) Buyer shall provide the severance benefits described in Section 1 of Schedule 6.10(h) to (x) each Transferred Employee whose employment with Buyer is "Involuntarily Terminated" (as that term is defined below) at any time within 24 months after the Closing Date, and (y) each Transferred Non-Union Employee who has attained age 50 and completed at least 10 years of "Creditable Service" (as that term is defined below) prior to the Closing Date and whose employment with Buyer is Involuntarily Terminated on or at any time prior to December 31, 2004. Subject to the limitations and conditions described below, Seller will reimburse Buyer for all of the costs it incurs in providing such severance benefits.

(2) Sellers shall cause the "bridged" pension benefits and the "bridged" and retiree welfare benefits described in Sections 2(c) and (d) of Schedule 6.10(h) to be provided under the appropriate plans maintained by Sellers and/or their Affiliates to each Transferred Non-Union Employee who (i) has attained age 50 and completed at least 10 years of Creditable Service before

the Closing Date, and is Involuntarily Terminated by Buyer on or prior to December 31, 2004 and before he or she has attained age 55, or (ii) is Involuntarily Terminated by Buyer at any time within 24 months after the Closing Date and before he or she has attained age 55, and has attained age 50 and completed at least 10 years of Total Creditable Service (as defined below) as of the date on which he or she is Involuntarily Terminated, and (iii) has executed a release as described in Section 1(g) of Schedule 6.10(h).

(3) Sellers shall cause the severance and other benefits described in Section 2(a) or 2(b) of Schedule 6.10(h), as applicable, to be provided to each Union Employee and Non-Union Employee (i) who does not receive an offer of employment from Buyer and (ii) whose employment with JCP&L or GPUN is Involuntarily Terminated at any time prior to the end of the third calendar month following the Closing Date.

(4) Sellers shall not be obligated to reimburse Buyer for any amount pursuant to paragraph (1) above, to the extent that such amount, when added to the sum of (i) all reimbursement payments previously made by Sellers to Buyer under Section 6.10(h), plus (ii) the aggregate estimated cost that Sellers have incurred or may incur in the future in providing the benefits described in paragraphs (2) and (3) above to the Union Employees and Non-Union Employees therein referred to, as determined in accordance with paragraph (6) below, does not exceed $30 million.

(5) The following will not be included in determining the amount to be applied against the $30 million limitation on Sellers' reimbursement obligation provided for in paragraph (4) above: (i) any benefits provided by Buyer or by GPUN to any Non-Union Employees who are listed in, or whose employment responsibilities are listed in, Schedule 6.10(b) as "GPUN Parsippany Support Staff"; (ii) any benefits provided by Buyer or Sellers to any Union Employee or Non-Union Employee whose employment is Involuntarily Terminated at any time after the second anniversary of the Closing Date; (iii) any "bridged" pension benefits and any "bridged" and retiree welfare benefits provided by Sellers to any Transferred Non-Union Employee at any time after the second anniversary of the Closing Date; and (iv) any benefits provided by Sellers to any Union Employee or Non-

Union Employee whose employment with JCP&L or GPUN is Involuntarily Terminated at any time prior to January 1, 2000.

(6) As of the date of any reimbursement request made by Buyer pursuant to paragraph (9) below, the aggregate estimated cost that Sellers and their Affiliates have incurred, or may incur in the future, in providing the benefits described in paragraphs (2) and (3) above to the Union Employees and Non-Union Employees described therein whose employment with Buyer or Sellers has been Involuntarily Terminated on or prior to the date of such reimbursement request, shall be determined as of the date of each such employee's termination of employment, and shall be calculated by the actuarial factors regularly engaged to provide actuarial services to the GPU Companies with respect to their pension, health care and severance plans. Such cost shall be determined using the same assumptions as to mortality, turnover, interest rate and other actuarial assumption as used by such actuarial firm in determining the cost of benefits under the GPU Companies' pension, health care and severance plans for purposes of their most recently issued financial statements prior to the Closing Date. In the case of the "bridged" pension benefits described in Section 2(c) of Schedule 6.10(h), the estimated cost of providing such benefits shall be the amount equal to the excess of (A) the actuarial present value of the pension payable to the employee under the applicable Sellers' pension plan starting at age 55, using the plan's early retirement reduction factors to determine the employee's pension amount, over (B) the actuarial present value of the pension that otherwise would be so payable to the employee, using the plan's full actuarial reduction factors to determine the employee's pension amount; and in each such case, the employee's pension amount shall be determined by taking into account only the employee's periods of service and pay with Sellers and their Affiliates. Sellers shall furnish Buyer with copies of all cost estimates made by Seller's actuarial firm pursuant to this paragraph (6)

(7) For purposes of this Section 6.10(h) and Schedule 6.10(h), an employee shall be treated as being "Involuntarily Terminated" from Buyer, JCP&L, or GPUN, if his or her employment with Buyer and all of its Affiliates, or with JCP&L or GPUN and all of their Affiliates, is terminated by Buyer or any of its Affiliates, or by JCP&L or GPUN or any of their Affiliates, for any reason other than for cause or disability. A Union Employee

or Non-Union Employee who receives an offer of employment from Buyer prior to the Closing Date and who fails to accept such offer and who is thereafter terminated by JCP&L or GPUN shall not be treated as "Involuntarily Terminated".

(8) For purposes of this Section 6.10(h) and Schedule 6.10(h), (i) an employee's years of "Creditable Service" shall be determined in accordance with the definition of such term contained in the GPU Companies Employee Pension Plan in the case of any Non-Union Employee, or contained in the GPU Companies Plan for Retirement Annuities for Employees Represented by IBEW System Council U-3 in the case of any Union Employee, and (ii) an employee's "Total Creditable Service" shall mean the sum of his Creditable Service, plus all periods of his or her employment with Buyer and its Affiliates.

(9) From time to time after the Closing Date (but no more frequently than at 3-month intervals) Buyer may request reimbursement hereunder by furnishing Sellers with a written statement setting forth the following information:

(i) the name of each Transferred Employee whose employment with Buyer has been Involuntarily Terminated,

(ii) the date of such employee's termination of employment with Buyer,

(iii) the total amount of costs actually incurred by Buyer in providing each of the benefits described in Sections 1(a) through (f) of Schedule 6.10(h) to such employee since the date of his or her termination of employment, and

(iv) the portion of the costs so incurred remaining unreimbursed as of the date of Buyer's reimbursement request.

The Buyer's reimbursement request with respect to any Transferred Employee shall be accompanied by a copy of the release executed by such employee as required under Section 1(g) of Schedule 6.10(h), if one has not previously been furnished to Sellers. Within 30 days after receipt of a request for reimbursement from Buyer, Sellers shall pay to Buyer the total amount of the unreimbursed costs shown on the written statement

furnished by Buyer in connection with such request, subject to the limitation set forth in paragraph (4).

(10) Notwithstanding any other provision herein, Sellers' obligation to make payments with respect to any cost reimbursements requested by Buyer hereunder shall be subject to Sellers' receipt of such substantiation of the costs incurred by Buyer as Sellers may reasonably request in writing.

(i) Sellers shall be responsible, with respect to the Purchased Assets, for performing and discharging all requirements under the WARN Act and under applicable state and local laws and regulations for the notification of their employees of any "employment loss" within the meaning of the WARN Act which occurs prior to the Closing Date.

(j) Sellers shall be responsible for extending COBRA continuation coverage to any employees and former employees of JCP&L or GPUN, or to any qualified beneficiaries of such employees and former employees, who become or became entitled to COBRA continuation coverage before the Closing, including those for whom the Closing occurs during their COBRA election period. Buyer shall be responsible for providing COBRA continuation coverage to all Transferred Employees and qualified beneficiaries of such employees who become entitled to such COBRA continuation coverage on or after the Closing Date.

(k) (i) Sellers or their Affiliates shall pay to all Transferred Employees all compensation, bonus, vacation and holiday compensation, pension, profit sharing and other deferred compensation benefits, workers' compensation, or other employment benefits to which they are entitled under the terms of the applicable compensation or benefit programs at such times as are provided therein.

(ii) Under the sick leave program Buyer will maintain for Transferred Union Employees pursuant to its obligations under Section 6.10(d), (A) each Transferred Union Employee who was hired by JCP&L before December 31, 1994 shall be credited with the number of accumulated unused sick leave days standing to the employee's credit under JCP&L's sick leave program for Union Employees as of the Closing Date (the employee's "Carried-Over Sick Days"), and (B) each such employee who has completed

at least 15 "Years of Service" as defined in Section 1(b) of Schedule 6.10(h) shall be entitled to receive from Buyer, upon his or her termination of employment with Buyer and its Affiliates for any reason other than for cause, a lump-sum payment in an amount determined by multiplying the number of the employee's Carried-Over Sick Days remaining unused at the date of such termination of his or her employment, by 75% of the daily rate of base pay in effect for the employee immediately prior to such termination of his or her employment.

(iii) The Purchase Price shall be decreased by an amount equal to the estimated cost of the payments Buyer is required to make hereunder with respect to the Transferred Union Employees' Carried-Over Sick Days. In the case of each such Transferred Union Employee who has not completed at least 15 Years of Service as of the Closing Date, such estimated cost shall be calculated by the actuarial firm regularly engaged to provide actuarial services to the GPU Companies with respect to their pension, health care and life insurance plans, and shall be determined as of the Closing Date using the same assumptions as to interest rate and as to mortality, turnover, and other actuarial factors as used by such firm in determining the cost of benefits under the GPU Companies' plans for purposes of their most recently issued financial statements prior to the Closing Date; provided, however, that base pay rates in effect for the Transferred Union Employees immediately prior to the Closing Date shall be used to value the Buyer's payment obligation hereunder. In the case of each such Transferred Union Employee who has completed at least 15 Years of Service as of the Closing Date, such estimated cost shall be the amount determined by multiplying (A) the number of the employee's Carried-Over Sick Days by (B) 75% of the daily rate of base pay in effect for the employee immediately prior to the Closing Date.

(l) Individuals who are otherwise "Union Employees" as defined in Section 6.10(a) or "Non-Union Employees" as defined in Section 6.10(b) but who on any date are not actively at work due to a leave of absence covered by the Family and Medical Leave Act ("FMLA"), or due to any other authorized leave of absence, shall nevertheless be treated as "Union Employees" or as "Non-Union Employees", as the case may be, on such date if they are able (i) to return to work within the protected period under the FMLA or such other leave (which in any event shall not extend more than twelve (12) weeks after the Closing Date),

whichever is applicable, and (ii) to perform the essential functions of their jobs, with or without a reasonable accommodation.

(m) To the extent permitted by applicable law, all Transferred Employee Records shall be delivered promptly after the Closing Date to Buyer.

(n) Sellers shall provide documentation, affidavits and any other information reasonably requested in support of Buyer's application for "successor employer" status for purposes of the New Jersey Unemployment, New Jersey Disability Insurance and FICA and FUTA taxes.

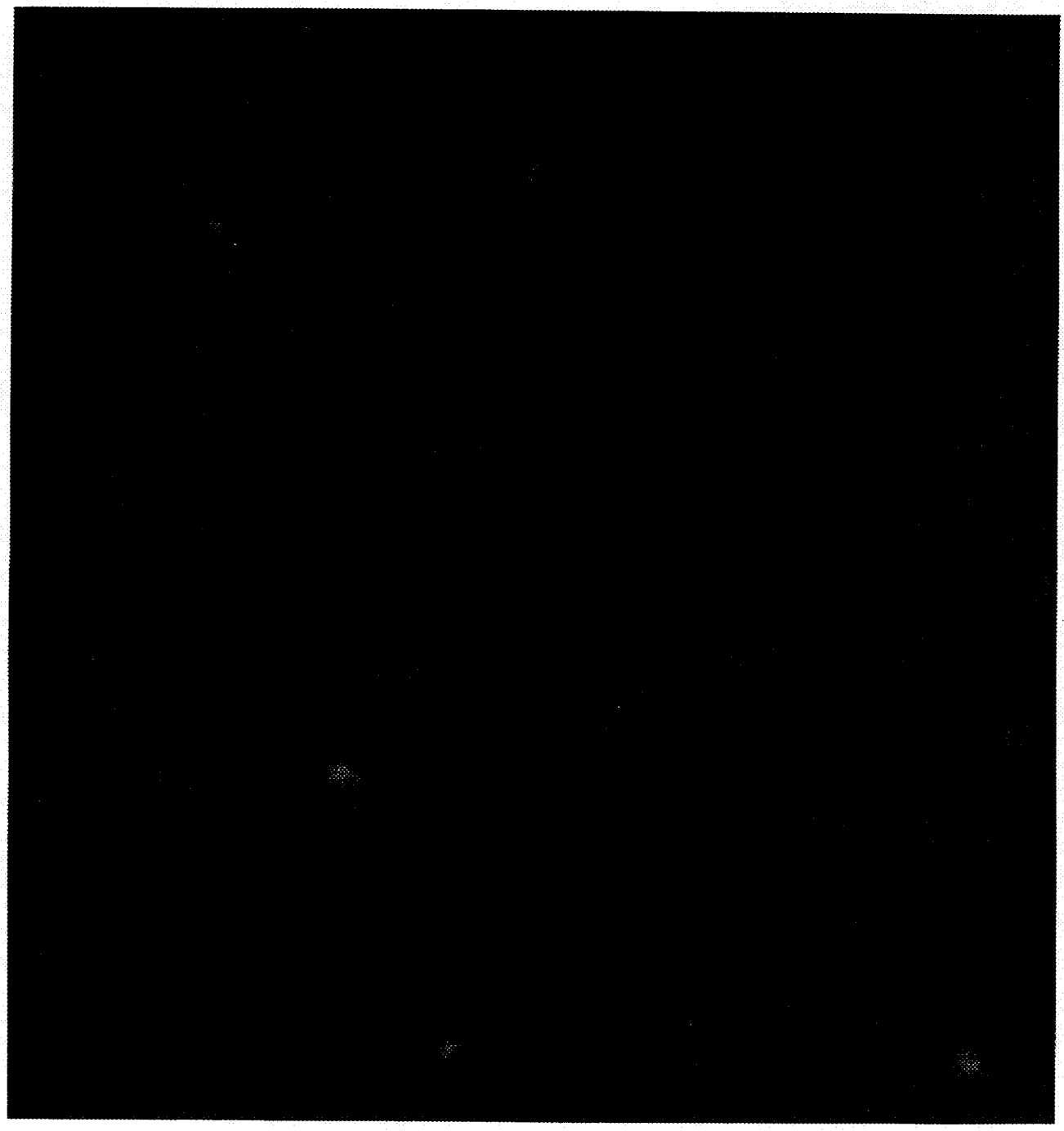
6.11 Risk of Loss.

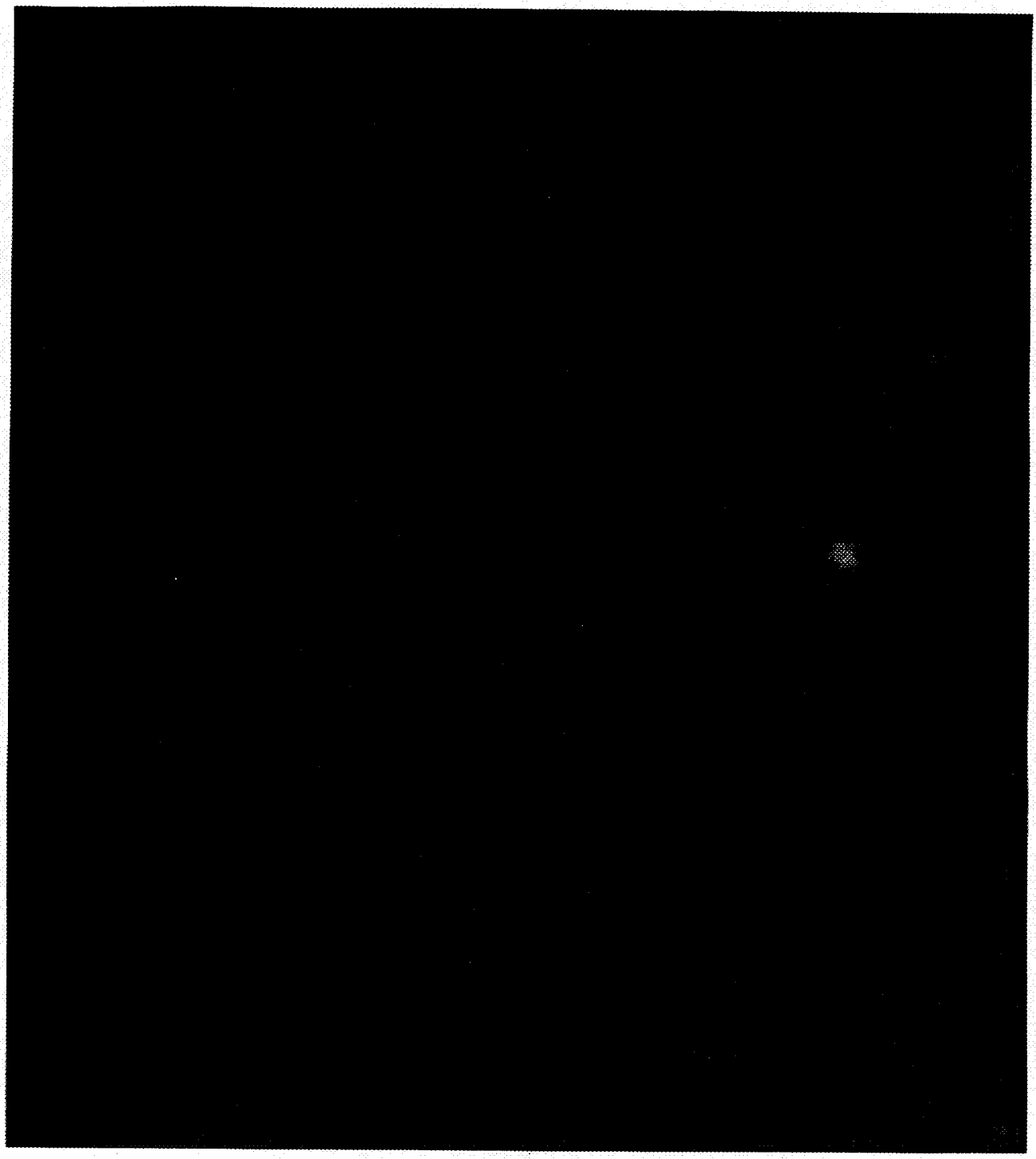
(a) From the date hereof through the Closing Date, all risk of loss or damage to the property included in the Purchased Assets shall be borne by Sellers; provided, however, that except for services provided by the Reciprocal Services Agreement, any such loss or damage directly caused by the negligence or willful misconduct of Buyer or any Buyer Representative shall be the responsibility of Buyer.

(b) If, before the Closing Date, all or any portion of the Purchased Assets is (i) taken by eminent domain or is the subject of a pending or (to the Knowledge of Sellers) contemplated taking which has not been consummated, or (ii) damaged or destroyed by fire or other casualty, Sellers shall notify Buyer promptly in writing of such fact, and (x) in the case of a condemnation, Sellers shall assign or pay, as the case may be, any proceeds thereof to Buyer at the Closing and (y) in the case of a casualty, Sellers shall either restore the damage or assign the insurance proceeds therefor (and pay the amount of any deductible and/or self-insured amount in respect of such casualty) to Buyer at the Closing. Notwithstanding the above, if such casualty or loss results in a Material Adverse Effect, Buyer and Sellers shall negotiate to settle the loss resulting from such taking (and such negotiation shall include, without limitation, the negotiation of a fair and equitable adjustment to the Purchase Price). If no such settlement is reached within sixty (60) days after Sellers have notified Buyer of such casualty or loss, then Buyer or Sellers may terminate this Agreement pursuant to Section 9.1(h). In the event of damage or destruction which Sellers elect to restore, Sellers will have

the right to postpone the Closing for up to ninety (90) days. Buyer will have the right to inspect and observe, or have its Representatives inspect or observe, all repairs necessitated by any such damage or destruction.

6.12 Decommissioning Trust Funds.





6.13 Spent Fuel Fees. Between the date hereof and the Closing Date, and at all times thereafter, Sellers will pay all Spent Fuel Fees and any other fees associated with electricity generated at the Plant sold prior to the Closing Date, and Buyer

shall have no liability or responsibility therefor. Buyer shall pay and discharge all fees and expenses associated with the nuclear fuel consumed in the Plant and associated with electricity generated and sold from and after the Closing Date, and Sellers shall have no liability or responsibility therefor. Buyer shall assume title to, and responsibility for the storage and disposal of, the spent nuclear fuel in the Plant as of the Closing Date. Sellers shall assign to Buyer the DOE Standard Spent Fuel Disposal Contract and shall provide the required notice to DOE within ninety (90) days of transfer of title to spent fuel.

6.14 Department of Energy Decontamination and Decommissioning Fees. Sellers will continue to pay all Department of Energy Decontamination and Decommissioning Fees relating to nuclear fuel purchased and consumed at the Plant prior to the Closing Date, including but not limited to all annual Special Assessment invoices to be issued after the Closing Date by the Department of Energy, as contemplated by its regulations at 10 CFR Part 766 implementing Sections 1801, 1802, and 1803 of the Atomic Energy Act.

6.15 Additional Covenants of Buyer. Notwithstanding any other provision hereof, Buyer covenants and agrees that, after the Closing Date, Buyer will not make any modifications to the facilities financed by the Pollution Control Revenue Bonds (the "Pollution Control Facilities") or take any action which, in and of itself, results in a loss of the exclusion of interest on the Pollution Control Revenue Bonds issued on behalf of JCP&L in connection with the Purchased Assets from gross income for federal income purposes under section 103 of the Code. Actions with respect to the Pollution Control Facilities shall not constitute a breach by the Buyer of this Section 6.15 in the following circumstances: (i) Buyer ceases to use or decommissions any of the Purchased Assets or subsequently repowers such Purchased Assets that are no longer used or decommissioned (but does not hold such Purchased Assets for sale); (ii) Buyer acts with respect to the Purchased Assets in order to comply with requirements under applicable federal, state or local environmental or other laws or regulations; (iii) Buyer transfers an ownership interest in the Purchased Assets; or (iv) Buyer acts in a manner the Sellers (i.e. a reasonable private provider of electricity of similar stature as JCP&L) would have acted during the term of the Pollution Control

Revenue Bonds (including, but not limited to, applying new technology). In the event Buyer acts or anticipates acting in a manner that will cause a loss of the exclusion of interest on the Pollution Control Revenue Bonds from gross income for federal income tax purposes, at the request of Buyer, Sellers shall take any remedial actions permitted under the federal income tax law that would prevent a loss of such inclusion of interest from gross income on the Pollution Control Revenue Bonds. Buyer further covenants and agrees that, in the event that Buyer transfers any of the Purchased Assets or an ownership interest therein, Buyer shall obtain from its transferee a covenant and agreement that is analogous to Buyer's covenant and agreement pursuant to the immediately preceding sentence, as well as a covenant and agreement that is analogous to that of this sentence. In addition, Buyer shall not, without 60 days advance written notice to Sellers (to the extent practicable under the circumstances), take any action which would result in (x) a change in the use of the assets financed with the Pollution Revenue Control Bonds from the use in which such assets were originally intended, or (y) a sale of such assets separate from the generating assets to which they relate provided that no notice is required of the events set forth in clauses (i),(ii), or (iii) above. This covenant shall survive the Closing and shall continue in effect so long as the Pollution Control Revenue Bonds remain outstanding.

6.16 Cooperation Relating to Insurance and Price-Anderson Act. Sellers shall cooperate with Buyer's efforts to ensure continuity of insurance coverage and to obtain or, to the extent practicable, effect (but subject to the provisions of Section 2.2(j)) the transfer of insurance, including, insurance required under the Price-Anderson Act with respect to the Purchased Assets. In addition, Sellers agree to use reasonable efforts to assist Buyer in making any claims against pre-Closing insurance policies of Sellers that may provide coverage related to Assumed Liabilities. Buyer agrees that it will indemnify Sellers for their reasonable out of pocket expenses incurred in providing such assistance and cooperation.

6.17 Refueling Outage.

(a) Schedule 6.17 sets forth the plan, scope, milestones and budget (the "Outage Plan") for the Plant's 18R Refueling Outage (the "18R Outage"). The Parties agree that any

proposed change in the Outage Plan may only be made in accordance with the procedures set forth in the Outage Plan. Notwithstanding the foregoing, however, except as otherwise expressly provided in the Outage Plan, no such change shall be made in the Outage Plan if such change would be a "Material Change" as defined in the Outage Plan.

(b) Irrespective of when the Closing Date occurs, Sellers shall be solely responsible for the funding of the Outage Costs as incurred from time to time and Buyer hereby agrees to reimburse Sellers for payment of the "Relevant Percentage" of any Outage Costs (whether incurred prior to or after the Closing Date); provided, however, that Sellers shall have no liability or obligation to fund, and Buyer have no liability or obligation to reimburse Sellers for, any Outage Costs incurred in excess of the amount of the Outage Cost Cap. Buyer and Sellers agree that the Party which is the owner of the Plant at the start of the 18R Outage shall be solely responsible for the payment of any Outage Costs incurred in excess of the Outage Cost Cap, and that the other Party shall have no responsibility or obligation therefor. For purposes hereof, the "Relevant Percentage" shall mean (i) if the Closing occurs prior to the commencement of the 18R Outage, one hundred percent (100%), and (ii) if the Closing occurs after completion of the 18R Outage, sixty percent (60%); provided, however, that if the Closing occurs after the completion of the 18R Outage, then the Total CV required for the Decommissioning Trust Funds and the aggregate Cash Value required for the assets of the Seller Nonqualified Decommissioning Trust Fund as of the Closing Date pursuant to Section 6.12 hereof shall be decreased by the product of (a) the Outage Costs and (b) forty percent (40%).

(c) All Outage Costs shall be budgeted, tracked and reported in accordance with procedures established by the Parties and set forth in the Outage Plan.

(d) Buyer hereby agrees to reimburse Sellers for all Outage Costs funded by Sellers (but in no event in excess of Outage Cost Cap) in nine equal annual installments (but without interest) beginning on the first anniversary date of the Closing Date.

(e) The Reciprocal Services Agreement will provide, among other things, for Buyer's direct participation in the

planning, organization, support and coordination of the 18R Outage and for the costs thereof to be included in the Outage Costs to be reimbursed by Buyer, but only if the Closing occurs.

6.18 ISRA Compliance.

(a) As promptly as practicable following the date hereof, the Parties shall jointly prepare and submit to the NJDEP an application for a Letter of Non-Applicability ("LNA") or other appropriate exemption or limitation on the scope of ISRA review by the NJDEP with respect to the transactions contemplated hereby. The Parties shall cooperate and consult with each other in the preparation and submission of such application and shall jointly participate in any meetings with NJDEP representatives.

(b) Pending action by the NJDEP on any such LNA or similar exemption request, Seller may prepare and file with the NJDEP a General Information Notice (as such term is defined in ISRA). In the event the NJDEP denies such application or issues a LNA or other exemption from ISRA not reasonably satisfactory to each of the Parties, then the Parties shall as promptly as practicable prepare and file with the NJDEP all such other information, forms and other documents and filings as may be necessary or appropriate to comply with ISRA and the requests of the NJDEP. During the period prior to the Closing, the Parties shall cooperate and consult with each other regarding requests made by the NJDEP and compliance with ISRA, including with respect to the negotiation of the terms and conditions of any required Remediation Agreement with the NJDEP.

(c) The Parties acknowledge and agree that if the NJDEP does not issue a LNA or other ISRA exemption which is reasonably acceptable to each of the Parties, it will be necessary to enter into one or more Remediation Agreements with the NJDEP in order to consummate the transactions contemplated hereby and comply with ISRA. Accordingly, each Party hereby agrees to negotiate in good faith and use Commercially Reasonable Efforts to enter into a Remediation Agreement with the NJDEP in order to comply with ISRA, including the provision of such financial assurance in support of such Party's obligations under any such Remediation Agreement; provided, however, that it is understood and agreed

that neither Party shall be required to enter into any such Remediation Agreement unless the terms and conditions thereof, together with any related Site Investigation Report (as defined under ISRA and the regulations thereunder) and Remedial Action Work Plan (as defined under ISRA and the regulations thereunder), in each case as finally approved by the NJDEP (collectively, the "ISRA Remediation Program") are reasonably satisfactory to such Party.

(d) The Parties hereby acknowledge and agree that their respective obligations and liabilities for Remediation required to comply with ISRA and the requirements of the NJDEP thereunder pursuant to any Remediation Agreements shall be as follows:

(1) Sellers shall be liable for the Remediation of any Environmental Condition arising out of the matters disclosed in the Environmental Reports and for the matters set forth on Schedule 4.7, all of which are Excluded Liabilities hereunder, and with respect to their indemnification liability to Buyer as set forth in Article VIII hereof (subject, however, to the limitation on such indemnification as provided in Section 8.1(g) hereof), and Sellers shall be responsible for and shall indemnify Buyer pursuant to said Article VIII from and against any loss, claim, action, cost, damage and expense or liability resulting therefrom including any failure by Sellers to comply with their obligations under any Remediation Agreement or ISRA Remediation Program.

(2) Buyer shall be liable for the Remediation of the other Environmental Condition, all of which are Assumed Liabilities, and Buyer shall be responsible for and shall indemnify Sellers pursuant to Article VIII hereof, from and against any loss, claim, action, cost, damage and expense or liability resulting therefrom including any failure by Buyer to comply with its obligations under any Remediation Agreement or ISRA Remediation Program.

(e) If the NJDEP determines that ISRA is applicable to the transactions contemplated by this Agreement, the Parties shall as promptly as practicable conduct, and shall equally share the cost and expense of, a Preliminary Assessment and submit a Preliminary Assessment Report to the NJDEP.

(f) Each Party shall bear its own costs and expenses incurred in connection with the actions (including without limitation the cost of Buyer's Environmental Inspection) they are required to take to comply with ISRA prior to Closing; provided, however, that the Parties shall equally share all costs and expenses of attorneys, environmental consultants, engineers and other consultants they may jointly retain to comply with ISRA. Any such third party consultants, counsel or engineers shall only be retained upon mutual agreement of the Parties.

(g) In the event Sellers enter into a Remediation Agreement with the NJDEP, Buyer agrees to provide Sellers and their Representatives with such access to the Site (but consistent with Buyer's safety and security requirements and in a manner that does not unreasonably interfere with Plant operations), to related records and documents and further agrees to cooperate with Sellers and their Representatives from time to time following the Closing as may be necessary or appropriate in order for Sellers to fully and timely discharge their obligations to the NJDEP under the Remediation Agreement; provided, however, that Sellers shall reimburse Buyer for any significant expenses or costs which Buyer may be obligated to incur in connection with the foregoing.

(h) Buyer and Sellers hereby agree that no environmental condition at the Site need be remediated to residential or unrestricted remediation standards (or other more stringent standard), but only to non-residential or restricted standards, or such other standards as NJDEP or other Governmental Authority approves (including the use of institutional and/or engineering controls, deed notices, natural remediation and biodegradation and classification exception areas), provided in all events that the use of any such standard, and the receipt of any no further action letter conditioned on such standard, does not actually materially interfere with Buyer's ability to operate on the Site as a nuclear power generation station.

6.19 Future Interconnection Access. Buyer hereby acknowledges and confirms that JCP&L has advised Buyer that under a certain Purchase and Sale Agreement dated October 29, 1998 between JCP&L and Sithe, JCP&L has agreed to use commercially reasonable efforts as therein defined (consistent

with the PJM Regional Transmission Expansion Protocol) to allow new generation capacity which Sithe may install at the Forked River Combustion Turbine site JCP&L is selling to Sithe to replace (by assignment or otherwise) Plant generation capacity (for PJM interconnection purposes) which JCP&L may decommission from time to time in order to minimize Sithe's interconnection costs for such new Forked River generation capacity. Buyer hereby undertakes and agrees that at such time as Buyer determines to decommission all or a portion of the Plant's capacity, at JCP&L's written request Buyer will enter into good faith negotiations with JCP&L if and to the extent it may be necessary or appropriate in order to enable JCP&L to discharge any such continuing obligation it may have to Sithe. It is understood and agreed, however, that the foregoing shall not impose any obligation or commitment on Buyer to sell, transfer, assign or otherwise dispose of any such interconnection rights to JCP&L or to any third party.

6.20 SBO Service. JCP&L agrees that from and after the Closing Date it will provide or cause to be provided to Buyer SBO Service for the Plant as currently provided by the Forked River combustion turbines located on the adjacent Forked River site as and to the extent necessary to satisfy all applicable NRC requirements for the Plant and on such commercially reasonable terms and conditions as the Parties shall mutually agree.

6.21 Easement Agreement JCP&L agree that it shall not consummate, or permit the consummation of, the sale, transfer or conveyance of the real property constituting the Forked River site adjacent to the Plant unless and until (i) the Easement Agreement is properly recorded in the land records of any relevant jurisdiction, and (ii) such Easement Agreement is in a form sufficient to operate the Plant substantially as currently operated and otherwise with terms and conditions reasonably satisfactory to Buyer, including, among others, the following:

(a) a term continuing through Decommissioning;

(b) Buyer shall enjoy the easements and access rights granted pursuant thereto at no additional cost other than for its portion of shared maintenance expenses related to its use of

access roads and similar facilities that would customarily be shared;

(c) Buyer's authority to control activities within the "exclusion area" relating to the Plant, including the exclusion of personnel and property, to the extent necessary to comply with applicable NRC requirements; and

(d) Such other terms as are consistent with Good Utility Practice.

ARTICLE VII

CONDITIONS

7.1 Conditions to Obligations of Buyer. The obligation of Buyer to effect the purchase of the Purchased Assets and the other transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date (or the waiver by Buyer) of the following conditions:

(a) The waiting period under the HSR Act applicable to the consummation of the sale of the Purchased Assets contemplated hereby shall have expired or been terminated;

(b) No preliminary or permanent injunction or other order or decree by any federal or state court or Governmental Authority which prevents the consummation of the sale of the Purchased Assets contemplated herein shall have been issued and remain in effect (each Party agreeing to use its reasonable best efforts to have any such injunction, order or decree lifted) and no statute, rule or regulation shall have been enacted by any state or federal government or Governmental Authority which prohibits the consummation of the sale of the Purchased Assets;

(c) Buyer shall have received all of Buyer's Required Regulatory Approvals, and such approvals shall be in form and substance reasonably satisfactory (including no materially adverse conditions) to Buyer and either (i) final and not subject to further rights of review or appeal or (ii) if not final and non-appealable, shall not be subject to any pending or overtly threatened appeal or request for review or

reconsideration which, if adversely determined, would be reasonably expected to have (x) a Material Adverse Effect or (y) a material adverse effect on the Buyer or its members;

(d) Sellers shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by Sellers on or prior to the Closing Date;

(e) The representations and warranties of Sellers set forth in this Agreement that are qualified by materiality shall be true and correct as of the Closing Date and all other representations and warranties shall be true and correct in all material respects as of the Closing Date, in each case as though made at and as of the Closing Date unless otherwise specified herein to the contrary;

(f) Buyer shall have received certificates from an authorized officer of Sellers, dated the Closing Date, to the effect that, to such officer's Knowledge, the conditions set forth in Section 7.1(d) and (e) have been satisfied by Sellers;

(g) Buyer shall have received an opinion from Sellers' counsel reasonably acceptable to Buyer, dated the Closing Date and reasonably satisfactory in form and substance to Buyer and its counsel, substantially to the effect that:

(i) Each of Sellers is a corporation duly incorporated, validly existing and in good standing under the laws of its state of incorporation and has the corporate power and authority to own, lease and operate its material assets and properties and to carry on its business as is now conducted, and to execute and deliver the Agreement and each Ancillary Agreement and to consummate the transactions contemplated thereby; and the execution and delivery of the Agreement by Sellers and the consummation of the sale of the Purchased Assets and the other transactions contemplated thereby have been duly and validly authorized by all necessary corporate action required on the part of Sellers;

(ii) The Agreement and each Ancillary Agreement have been duly and validly executed and delivered by Sellers and constitute legal, valid and binding agreements

of Sellers enforceable in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity);

(iii) The execution, delivery and performance of the Agreement and each Ancillary Agreement by Sellers do not (A) conflict with the Certificate of Incorporation or Bylaws of Sellers or (B) to the knowledge of such counsel, constitute a violation of or default under those agreements or instruments set forth on a Schedule attached to the opinion and which have been identified to such counsel as all the agreements and instruments which are material to the business or financial condition of Sellers;

(iv) The Bill of Sale, the deed, the Assignment and Assumption Agreement and other transfer instruments described in Section 3.6 have been duly executed and delivered and are in proper form to transfer to Buyer such title as was held by Sellers to the Purchased Assets; and

(v) No consent or approval of, filing with, or notice to, any Governmental Authority is necessary for the execution and delivery of this Agreement by Sellers, or the consummation by Sellers of the transactions contemplated hereby, other than (i) such consents, approvals, filings or notices set forth in Schedule 4.3(b) each of which have been obtained or made or which, if not obtained or made, will not prevent Sellers from performing their material obligations hereunder and (ii) such consents, approvals, filings or notices which become applicable to Sellers or the Purchased Assets as a result of the specific regulatory status of Buyer (or any of its Affiliates) or as a result of any other facts that specifically relate to the business or activities in which Buyer (or any of its Affiliates) is or proposes to be engaged.

In rendering the foregoing opinion, Sellers' counsel may rely on opinions of counsel as to local laws reasonably acceptable to Buyer.

(h) Sellers shall have delivered, or caused to be delivered, to Buyer at the Closing, Sellers' closing deliveries described in Section 3.6;

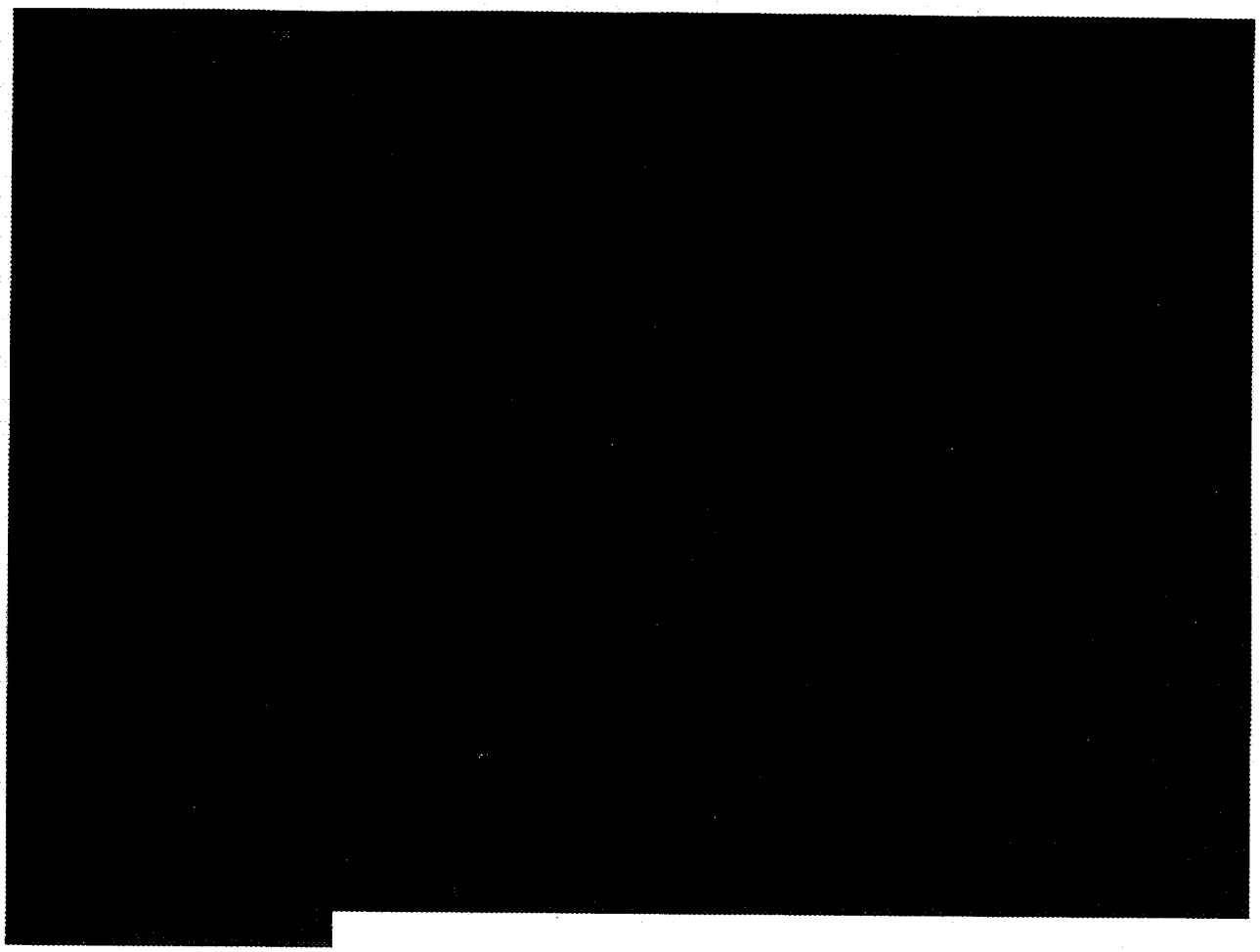
(i) Since the date of this Agreement, no Material Adverse Effect shall have occurred and be continuing;

(j) Buyer shall have received (at Buyer's cost) from a title insurance company and surveyor reasonably acceptable to Buyer an ALTA owner's title policy, and ALTA survey together with all endorsements reasonably requested by Buyer as are available, insuring good and marketable title to all of the Real Property included in the Purchased Assets, subject only to Permitted Encumbrances. Sellers shall provide Buyer with a copy of a preliminary title report and survey for the Real Property as soon as available;

(k) Buyer shall have received all Permits and Environmental Permits, to the extent necessary, to own and operate the Plant in accordance with current operating practices, except for those Permits and Environmental Permits, the absence of which would not in the aggregate have a Material Adverse Effect;

(l) Sellers' Required Regulatory Approvals shall contain no conditions or terms which would result in a Material Adverse Effect;

(m) [redacted]



(n) The Total CV of the Decommissioning Trust Funds shall be $430 million, adjusted pursuant to Section 6.12(b) and 6.17(b) hereof;

(o) Sellers shall have completed in all material respects and in accordance with Good Utility Practices the work required to be accomplished as of the milestone dates set forth in the Outage Plan occurring prior to the Closing Date;

(p) Sellers shall have completed in accordance with Good Utility Practices the work required to be accomplished as of the milestone dates occurring prior to the Closing the operational recovery work set forth on Schedule 7.1(p) (the "Operational Recovery Work");

(q) All low-level radioactive waste, as defined in NRC regulations, and mixed radioactive waste that has been

generated in the operations of the Plant and has been removed from service more than ninety (90) days prior to the Closing Date shall have been properly inventoried and shipped off-Site by Sellers for permanent disposal in accordance with all applicable legal requirements;

(r) Buyer shall have received regulatory approval of the Post-Closing Decommissioning Trust Agreement reasonably satisfactory to Buyer;

(s) The lien of the Mortgage Indenture on the Purchased Assets shall have been released;

(t) JCP&L and Sithe shall have entered into the Easement Agreement in form and substance satisfactory to Buyer and such agreement shall be in full force and effect;

(u) JCP&L shall have entered into the EOF Lease and the Remote Assembly Area Access Agreement each in a form reasonably satisfactory to Buyer and such agreements shall be in full force and effect;

(v) JCP&L shall have entered into an agreement in form and substance reasonably satisfactory to Buyer to provide SBO Service to the Plant and such agreement shall be in full force and effect;

(w) Sellers shall have obtained all necessary Governmental Approvals to subdivide, convey and operate the Real Property separately from the parcel pertaining to the Forked River site and such approvals shall be final and non-appealable; and

(x) In the event the NJDEP determines that ISRA applies to the transactions contemplated hereby, (1) Buyer and Sellers shall have entered into one or more Remediation Agreements with the NJDEP and (2) there shall be an ISRA Remediation Program, in each case in form and substance reasonably satisfactory to Buyer on or before the ISRA Termination Date.

7.2 Conditions to Obligations of Sellers. The obligation of Sellers to effect the sale of the Purchased Assets and the other transactions contemplated by this Agreement shall be

subject to the fulfillment at or prior to the Closing Date (or the waiver by Sellers) of the following conditions:

(a) The waiting period under the HSR Act applicable to the consummation of the sale of the Purchased Assets contemplated hereby shall have expired or been terminated;

(b) No preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the sale of the Purchased Assets contemplated herein shall have been issued and remain in effect (each Party agreeing to use its reasonable best efforts to have any such injunction, order or decree lifted) and no statute, rule or regulation shall have been enacted by any state or federal government or Governmental Authority in the United States which prohibits the consummation of the sale of the Purchased Assets;

(c) Sellers shall have received all of Sellers' Required Regulatory Approvals applicable to them, in form and substance reasonably satisfactory (including no materially adverse conditions) to Sellers and either (i) final and not subject to further rights of review or appeal, or (ii) if not final and non-appealable, shall not be subject to any pending or overtly threatened appeal or request for review or reconsideration which, if adversely determined, would be reasonably expected to have a material adverse effect on Sellers;

(d) All consents and approvals for the consummation of the sale of the Purchased Assets contemplated hereby required under the terms of any note, bond, mortgage, indenture, material agreement or other instrument or obligation to which Sellers are party or by which Sellers, or any of the Purchased Assets, may be bound, shall have been obtained, other than those which if not obtained, would not, individually and in the aggregate, create a Material Adverse Effect;

(e) Buyer shall have performed and complied with in all material respects the covenants and agreements contained in this Agreement which are required to be performed and complied with by Buyer on or prior to the Closing Date;

(f) The representations and warranties of Buyer that are qualified by materiality shall be true and correct as of the

Closing Date and all other representations and warranties shall be true and correct in all material respects as of the Closing Date, in each case as though made at and as of the Closing Date unless otherwise specified herein to the contrary;

(g) Sellers shall have received a certificate from an authorized officer of Buyer, dated the Closing Date, to the effect that, to such officer's Knowledge, the conditions set forth in Sections 7.2(e) and (f) have been satisfied by Buyer;

(h) Effective upon Closing, Buyer shall have assumed, as set forth in Section 6.10, all of the applicable obligations under the Collective Bargaining Agreement as they relate to Transferred Union Employees;

(i) Sellers shall have received an opinion from Buyer's counsel reasonably acceptable to Sellers, dated the Closing Date and satisfactory in form and substance to Sellers and their counsel, substantially to the effect that:

(i) Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified to do business in the State of New Jersey and has the full organizational power and authority to own, lease and operate its material assets and properties and to carry on its business as is now conducted, and to execute and deliver the Agreement and the Ancillary Agreements and to consummate the transactions contemplated thereby; and the execution and delivery of the Agreement and the Ancillary Agreements by Buyer and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action required on the part of Buyer;

(ii) The Agreement and the Ancillary Agreements have been duly and validly executed and delivered by Buyer, and constitute legal, valid and binding agreements of Buyer, enforceable against Buyer, in accordance with their terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting or relating to enforcement of creditor's rights generally and general principles of equity (regardless of

whether enforcement is considered in a proceeding at law or in equity);

(iii) The execution, delivery and performance of the Agreement and the Ancillary Agreements by Buyer do not (A) conflict with the Certificate of Formation or Operating Agreement (or other organizational documents), as currently in effect, of Buyer or (B) to the knowledge of such counsel, constitute a violation of or default under those agreements or instruments set forth on a Schedule attached to the opinion and which have been identified to such counsel as all the agreements and instruments which are material to the business or financial condition of Buyer;

(iv) The Assignment and Assumption Agreement and other transfer instruments described in Section 3.7 are in proper form for Buyer to assume the Assumed Liabilities; and

(v) No consent or approval of, filing with, or notice to, any Governmental Authority is necessary for Buyer's execution and delivery of the Agreement and the Ancillary Agreements, or the consummation by Buyer of the transactions contemplated hereby and thereby, other than (a) Buyer's Required Regulatory Approvals each of which has been obtained or made and (b) such consents, approvals, filings or notices, which, if not obtained or made, will not prevent Buyer, PECO Energy Company or British Energy Company, plc from performing their respective obligations under the Agreement, the Ancillary Agreements or the Parent Guaranties, as the case may be.

(j) [redacted]

[redacted]

(k) Buyer shall have delivered, or caused to be delivered, to Sellers at the Closing, Buyer's closing deliveries described in Section 3.7; and

(l) In the event the NJDEP determines that ISRA applies to the transactions contemplated hereby, (1) Buyer and Sellers shall have entered into one or more Remediation Agreements with the NJDEP and (2) there shall be an ISRA Remediation Program, in each case in form and substance reasonably satisfactory to Sellers on or before the ISRA Termination Date.

ARTICLE VIII

INDEMNIFICATION

8.1 Indemnification.

(a) Buyer shall indemnify, defend and hold harmless Sellers, their officers, directors, employees, shareholders, Affiliates and agents (each, a "Sellers' Indemnitee") from and against any and all claims, demands, suits, losses, liabilities, damages, obligations, payments, costs and expenses (including, without limitation, the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) (each, an "Indemnifiable Loss"), asserted against or suffered by any Sellers' Indemnitee relating to, resulting from or arising out of (i) any breach by Buyer of any representation, warranty, covenant or agreement of Buyer contained in this Agreement, (ii) the Assumed Liabilities, (iii) any loss or damages directly resulting from or arising out of any negligent act or omission

or willful misconduct of Buyer or Buyer's Representatives in connection with Buyer's Inspections, or (iv) any Third Party Claims against Sellers' Indemnitee arising out of or in connection with Buyer's ownership or operation of the Plant and other Purchased Assets on or after the Closing Date (other than Third Party Claims which arise out of acts by Buyer permitted by Section 6.12 hereof).

(b) Sellers shall jointly and severally indemnify, defend and hold harmless Buyer, its officers, directors, employees, shareholders, Affiliates and agents (each, a "Buyer Indemnitee") from and against any and all Indemnifiable Losses asserted against or suffered by any Buyer Indemnitee relating to, resulting from or arising out of (i) any breach by Sellers of any representation, warranty, covenant or agreement of Sellers contained in this Agreement, (ii) the Excluded Liabilities, (iii) noncompliance by Sellers with any bulk sales or transfer laws as provided in Section 10.11, or (iv) any Third Party Claims against a Buyer Indemnitee arising out of or in connection with Sellers' ownership or operation of the Purchased Assets prior to the Closing Date or the Excluded Assets on or after the Closing Date.

(c) Notwithstanding anything to the contrary contained herein:

(i) Any Person entitled to receive indemnification under this Agreement (an "Indemnitee") shall use Commercially Reasonable Efforts to mitigate all losses, damages and the like relating to a claim under these indemnification provisions, including availing itself of any defenses, limitations, rights of contribution, claims against third Persons and other rights at law or equity. The Indemnitee's Commercially Reasonable Efforts shall include the reasonable expenditure of money to mitigate or otherwise reduce or eliminate any loss or expenses for which indemnification would otherwise be due, and the Indemnitor shall reimburse the Indemnitee for the Indemnitee's reasonable expenditures in undertaking the mitigation (together with interest thereon from the date of payment thereof to the date of repayment at the "prime rate" as published in The Wall Street Journal); and

(ii) Any Indemnifiable Loss shall be net of (A) the dollar amount of any insurance or other proceeds actually received by the Indemnitee or any of its Affiliates with respect to the Indemnifiable Loss, and (B) income tax benefits to the Indemnitee , to the extent realized by the Indemnitee, but such net amount shall be increased to give effect to the Income Taxes attributable to the receipt of any indemnification payments hereunder. Any Party seeking indemnity hereunder shall use Commercially Reasonable Efforts to seek coverage (including both costs of defense and indemnity) under applicable insurance policies with respect to any such Indemnifiable Loss.

(d) The expiration or termination of any covenant or agreement shall not affect the Parties' obligations under this Section 8.1 if the Indemnitee provided the Person required to provide indemnification under this Agreement (the "Indemnifying Party") with proper notice of the claim or event for which indemnification is sought prior to such expiration, termination or extinguishment.

(e) Except to the extent otherwise provided in Article IX, the rights and remedies of Sellers and Buyer under this Article VIII are exclusive and in lieu of any and all other rights and remedies which Sellers and Buyer may have under this Agreement or otherwise for monetary relief, with respect to (i) any breach of or failure to perform any covenant, agreement, or representation or warranty set forth in this Agreement, after the occurrence of the Closing, or (ii) the Assumed Liabilities or the Excluded Liabilities, as the case may be. The indemnification obligations of the Parties set forth in this Article VIII apply only to matters arising out of this Agreement, excluding the Ancillary Agreements. Any Indemnifiable Loss arising under or pursuant to an Ancillary Agreement shall be governed by the indemnification obligations, if any, contained in the Ancillary Agreement under which the Indemnifiable Loss arises.

(f) Notwithstanding anything to the contrary herein, no Party (including an Indemnitee) shall be entitled to recover from any other Party (including an Indemnifying Party) for any liabilities, damages, obligations, payments losses, costs, or expenses under this Agreement any amount in excess of the actual

compensatory damages, court costs and reasonable attorney's and other advisor fees suffered by such Party. Buyer and Sellers waive any right to recover punitive, incidental, special, exemplary and consequential damages arising in connection with or with respect to this Agreement. The provisions of this Section 8.1(f) shall not apply to indemnification for a Third Party Claim.

(g) Notwithstanding anything to the contrary herein, (i) except as provided in (ii) below, each Party's liability and obligation to the other Party for an Indemnifiable Loss relating to, resulting from or arising out of a breach of representation or warranty shall be [redacted] and must be asserted by the other Party on or before the [redacted] of the Closing Date, and (ii) Sellers' liability and obligation to Buyer for an Indemnifiable Loss relating to, resulting from or arising out of a breach of representation or warranty with respect to [redacted] shall not be limited in amount but must be asserted by Buyer on or before the termination of the related survival period set forth in Section 10.4. Nothing in this subparagraph (g) is intended to modify or limit Sellers' liability or obligation hereunder for any other Indemnifiable Loss or to constitute an assumption by Buyer of any Excluded Liability.

8.2 Defense of Claims.

(a) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any Person who is not a party to this Agreement or any Affiliate of a Party to this Agreement (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee shall give such Indemnifying Party reasonably prompt written notice thereof, but in any event such notice shall not be given later than ten (10) calendar days after the Indemnitee's receipt of notice of such Third Party Claim. Such notice shall describe the nature of the Third Party Claim in reasonable detail and shall indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the

Indemnitee. The Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume the defense of any Third Party Claim at such Indemnifying Party's expense and by such Indemnifying Party's own counsel, provided that the counsel for the Indemnifying Party who shall conduct the defense of such Third Party Claim shall be reasonably satisfactory to the Indemnitee. The Indemnitee shall cooperate in good faith in such defense at such Indemnitee's own expense. If an Indemnifying Party elects not to assume the defense of any Third Party Claim, the Indemnitee may compromise or settle such Third Party Claim over the objection of the Indemnifying Party, which settlement or compromise shall conclusively establish the Indemnifying Party's liability pursuant to this Agreement.

(b) (i) If, within ten (10) calendar days after an Indemnitee provides written notice to the Indemnifying Party of any Third Party Claims, the Indemnitee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in Section 8.2(a), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that if the Indemnifying Party shall fail to take reasonable steps necessary to defend diligently such Third Party Claim within twenty (20) calendar days after receiving notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps, the Indemnitee may assume its own defense and the Indemnifying Party shall be liable for all reasonable expenses thereof. (ii) Without the prior written consent of the Indemnitee, the Indemnifying Party shall not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such firm offer within ten (10) calendar days after its receipt of such notice, the Indemnifying Party shall be relieved of its obligations to

defend such Third Party Claim and the Indemnitee may contest or defend such Third Party Claim. In such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by Indemnitee up to the date of said notice.

(c) Any claim by an Indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, stating the nature of such claim in reasonable detail and indicating the estimated amount, if practicable, but in any event such notice shall not be given later than ten (10) calendar days after the Indemnitee becomes aware of such Direct Claim, and the Indemnifying Party shall have a period of thirty (30) calendar days within which to respond to such Direct Claim. If the Indemnifying Party does not respond within such thirty (30) calendar day period, the Indemnifying Party shall be deemed to have accepted such claim. If the Indemnifying Party rejects such claim, the Indemnitee will be free to seek enforcement of its right to indemnification under this Agreement.

(d) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by, from or against any other entity, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith (together with interest thereon from the date of payment thereof at the publicly announced prime rate then in effect of Chase Manhattan Bank) shall promptly be repaid by the Indemnitee to the Indemnifying Party.

(e) A failure to give timely notice as provided in this Section 8.2 shall not affect the rights or obligations of any Party hereunder except if, and only to the extent that, as a result of such failure, the Party which was entitled to receive such notice was actually prejudiced as a result of such failure.

ARTICLE IX

TERMINATION

9.1 Termination. (a) This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of Sellers and Buyer.

(b) This Agreement may be terminated by Sellers or Buyer if (i) any Federal or state court of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, and such order, judgment or decree shall have become final and nonappeallable or (ii) any statute, rule, order or regulation shall have been enacted or issued by any Governmental Authority which, directly or indirectly, prohibits the consummation of the Closing; or (iii) the Closing contemplated hereby shall have not occurred on or before the day which is eighteen (18) months from the date of this Agreement (the "Termination Date"); provided that the right to terminate this Agreement under this Section 9.1(b) (iii) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

(c) Except as otherwise provided in this Agreement, this Agreement may be terminated by Buyer if any of Buyer Required Regulatory Approvals, the receipt of which is a condition to the obligation of Buyer to consummate the Closing as set forth in Section 7.1(c), shall have been denied (and a petition for rehearing or refiling of an application initially denied without prejudice shall also have been denied) or shall have been granted but contains terms or conditions which do not satisfy the closing condition in Section 7.1(c).

(d) This Agreement may be terminated by Sellers, if any of Sellers' Required Regulatory Approvals, the receipt of which is a condition to the obligation of Sellers to consummate the Closing as set forth in Section 7.2(c), shall have been denied (and a petition for rehearing or refiling of an application initially denied without prejudice shall also have been denied) or shall have been granted but contains terms or

conditions which do not satisfy the closing condition in Section 7.2(c).

(e) This Agreement may be terminated by Buyer if there has been a violation or breach by Sellers of any covenant, representation or warranty contained in this Agreement which has resulted in a Material Adverse Effect and such violation or breach is not cured by the earlier of the Closing Date or the date thirty (30) days after receipt by Sellers of notice specifying particularly such violation or breach, and such violation or breach has not been waived by Buyer.

(f) This Agreement may be terminated by Sellers, if there has been a material violation or breach by Buyer of any covenant, representation or warranty contained in this Agreement and such violation or breach is not cured by the earlier of the Closing Date or the date thirty (30) days after receipt by Buyer of notice specifying particularly such violation or breach, and such violation or breach has not been waived by Sellers.

(g) This Agreement may be terminated by Sellers if there shall have occurred any change that is materially adverse to the business, operations or conditions (financial or otherwise) of Buyer.

(h) This Agreement may be terminated by either of Sellers or Buyer in accordance with the provisions of Section 6.11(b).

(i) This Agreement may be terminated by Sellers in the event that Buyer's Environmental Inspection requires Sellers to assume liability for Remediation which in Sellers' judgment is materially in excess of Sellers' liability for Remediation of those environmental conditions disclosed in the Environmental Reports (other than Buyer's Environmental Inspection) or in Schedule 4.7 on the date hereof.

(j) This Agreement may be terminated by either Sellers or Buyer if the NJDEP determines that ISRA applies to the transactions contemplated hereby and such Party has not entered into a Remediation Agreement with the NJDEP and there is not in place an ISRA Remediation Program, in each case in form and substance reasonably satisfactory to such Party, on or before (A) the first anniversary date hereof or (B) fifteen (15)

Business Days following the date on which the last of the conditions precedent to Closing set forth in Sections 7.1(a), (c), (j), (k), (l), (m), (q), (r) and (w) and Section 7.2 (a), (c), (d) and (j), of this Agreement have been either satisfied or waived, whichever shall first occur (the "ISRA Termination Date").

9.2 Procedure and Effect of No-Default Termination. In the event of termination of this Agreement by either or both of the Parties pursuant to Section 9.1, written notice thereof shall forthwith be given by the terminating Party to the other Party, whereupon, if this Agreement is terminated pursuant to any of Sections 9.1(a) through (d) and 9.1(g) and (h), the liabilities of the Parties hereunder will terminate, except as otherwise expressly provided in this Agreement, and thereafter neither Party shall have any recourse against the other by reason of this Agreement.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified or supplemented only by written agreement of Sellers and Buyer.

10.2 Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the Parties to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver of such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply therewith.

10.3 Environmental Waiver; Release.

Each Party, for itself and on behalf of its Representatives and Affiliates, agrees effective as of the Closing Date to release and forever discharge the other Party, its Representatives and Affiliates, from any and all Indemnifiable Losses of any kind or character, whether known or unknown, hidden or concealed, resulting from or arising out of

any Environmental Condition or violation of Environmental Law relating to the Purchased Assets; provided, that Sellers' release of Buyer shall not extend to any of Buyer's Assumed Liabilities set forth in Section 2.3, and provided further, that Buyer's release of Sellers shall not extend to any of Sellers' Excluded Liabilities set forth in Section 2.4 or to any breach by Sellers of their representations, warranties and covenants under this Agreement. Subject to the foregoing proviso, each Party hereby agrees to waive any and all rights and benefits with respect to such Indemnifiable Losses that it now has, or in the future may have conferred upon it by virtue of any statute or common law principle which provides that a general release does not extend to claims which a Party does not know or suspect to exist in its favor at the time of executing the release, if knowledge of such claims would have materially affected such Party's settlement with the obligor. In this connection, each Party hereby acknowledges that it is aware that factual matters, now unknown to it, may have given or may hereafter give rise to Indemnifiable Losses that are presently unknown, unanticipated and unsuspected, including, without limitation, due to solid wastes or landfilling on the Site which may be subject to regulation under the New Jersey Solid Waste Management Act and the regulations thereunder, and each Party further agrees that this release has been negotiated and agreed upon in light of that awareness and it nevertheless hereby intends to release the other Party and its Representatives and Affiliates subject to the proviso in the first sentence of this paragraph.

10.4 Survival. The representations and warranties given or made by any Party to this Agreement or in any certificate or other writing furnished in connection herewith shall survive the Closing for a period of [redacted] after the Closing Date and shall thereafter terminate and be of no further force or effect, except that (a) all representations and warranties relating to Taxes and Tax Returns shall survive the Closing for the period of the applicable statutes of limitation plus any extensions or waivers thereof, [redacted] (c) all representations and warranties relating to the Decommissioning Trust Funds shall survive indefinitely.

The covenants and obligations of Sellers and Buyer set forth in this Agreement, including without limitation the indemnification obligations of the parties under Article VIII hereof, shall survive the Closing indefinitely, and the Parties shall be entitled to the full performance thereof by the other Parties hereto without limitation as to time or amount (except as otherwise specifically set forth herein).

10.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission, or mailed by overnight courier or registered or certified mail (return receipt requested), postage prepaid, to the recipient Party at its address (or at such other address or facsimile number for a Party as shall be specified by like notice; provided, however, that notices of a change of address shall be effective only upon receipt thereof):

(a) If to Sellers, to:

c/o GPU Service, Inc.
300 Madison Avenue
Morristown, New Jersey 07962
Attention: Mr. David C. Brauer, Vice President
Facsimile: (973) 455-8532

with a copy to:

Berlack, Israels & Liberman LLP
120 West 45th Street
New York, New York 10036
Attention: Douglas E. Davidson, Esq.
Facsimile: (212) 704-0196

(b) if to Buyer, to:

AmerGen Energy Company, L.L.C.
965 Chesterbrook Boulevard, 63C-3
Wayne, Pennsylvania 19087
Attention: Mr. Charles P. Lewis, Vice President
Facsimile: (610) 640-6611

with copies to:

AmerGen Energy Company, L.L.C.
2301 Market Street
Philadelphia, PA 19103
Attention: John C. Halderman,
Assistant General Counsel
Facsimile: (215) 841-4474

and

Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103
Attention: Howard L. Meyers, Esq.
Facsimile: (215) 963-5299

10.6 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto, including by operation of law, without the prior written consent of each other Party, nor is this Agreement intended to confer upon any other Person except the Parties hereto any rights, interests, obligations or remedies hereunder. No provision of this Agreement shall create any third party beneficiary rights in any employee or former employee of Sellers (including any beneficiary or dependent thereof) in respect of continued employment or resumed employment, and no provision of this Agreement shall create any rights in any such Persons in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement except as expressly provided for thereunder. Notwithstanding the foregoing, without the prior written consent of Sellers, (i) Buyer may assign all of its rights and obligations hereunder to any majority owned Subsidiary (direct or indirect) and upon Sellers' receipt of notice from Buyer of any such assignment,

such assignee will be deemed to have assumed, ratified, agreed to be bound by and perform all such obligations, and all references herein to "Buyer" shall thereafter be deemed to be references to such assignee, in each case without the necessity for further act or evidence by the Parties hereto or such assignee, and (ii) Buyer or its permitted assignee may assign, transfer, pledge or otherwise dispose of (absolutely or as security) its rights and interests hereunder to a trustee, lending institutions or other party for the purposes of leasing, financing or refinancing the Purchased Assets, including such an assignment, transfer or other disposition upon or pursuant to the exercise of remedies with respect to such leasing, financing or refinancing, or by way of assignments, transfers, pledges, or other dispositions in lieu thereof (and any such assignee may fully exercise its rights hereunder or under any other agreement and pursuant to such assignment without any further prior consent of any party hereto); provided, however, that no such assignment in clause (i) or (ii) shall relieve or discharge the assignor from any of its obligations hereunder. Sellers agree, at Buyer's expense, to execute and deliver such documents as may be reasonably necessary to accomplish any such assignment, transfer, pledge or other disposition of rights and interests hereunder so long as Sellers' rights under this Agreement are not thereby altered, amended, diminished or otherwise impaired.

10.7 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York (without giving effect to conflict of law principles) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies. THE PARTIES HERETO AGREE THAT VENUE IN ANY AND ALL ACTIONS AND PROCEEDINGS RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT SHALL BE IN THE STATE AND FEDERAL COURTS IN AND FOR NEW YORK COUNTY, NEW YORK, WHICH COURTS SHALL HAVE EXCLUSIVE JURISDICTION FOR SUCH PURPOSE, AND THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND IRREVOCABLY WAIVE THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING. SERVICE OF PROCESS MAY BE MADE IN ANY MANNER RECOGNIZED BY SUCH COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.9 Interpretation. The articles, section and schedule headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

10.10 Schedules and Exhibits. Except as otherwise provided in this Agreement, all Exhibits and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

10.11 Entire Agreement. This Agreement, the Confidentiality Agreement, and the Ancillary Agreements including the Exhibits, Schedules, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material made available to Buyer pursuant to the terms of the Confidentiality Agreement (including the Offering Memorandum dated March 29, 1999, previously delivered to Buyer by Sellers). This Agreement supersedes all prior agreements and understandings between the Parties (including, without limitation, the Letter of Intent between the Parties dated September 10, 1999) other than the Confidentiality Agreement with respect to such transactions.

10.12 Bulk Sales Laws. Buyer acknowledges that, notwithstanding anything in this Agreement to the contrary, Sellers may, in their sole discretion, not comply with the provision of the bulk sales laws of any jurisdiction in connection with the transactions contemplated by this Agreement. Buyer hereby waives compliance by Sellers with the provisions of the bulk sales laws of all applicable jurisdictions.

10.13 U.S. Dollars. Unless otherwise stated, all dollar amounts set forth herein are United States (U.S.) dollars.

10.14 Zoning Classification. Buyer acknowledges that the Real Properties are zoned as set forth in Schedule 10.14.

10.15 Sewage Facilities. Except as set forth in Schedule 10.15, Buyer acknowledges that there is no community (municipal) sewage system available to serve the Real Property.

IN WITNESS WHEREOF, Sellers and Buyer have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

AMERGEN ENERGY COMPANY, L.L.C.

Duncan Hawthorne
Vice President

JERSEY CENTRAL POWER & LIGHT COMPANY

Terrance G. Howson
Vice President and Treasurer

GPU NUCLEAR, INC.

Terrance G. Howson
Vice President and Treasurer

IN WITNESS WHEREOF, Sellers and Buyer have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

AMERGEN ENERGY COMPANY, L.L.C.

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Terrance G. Howson
Vice President and Treasurer

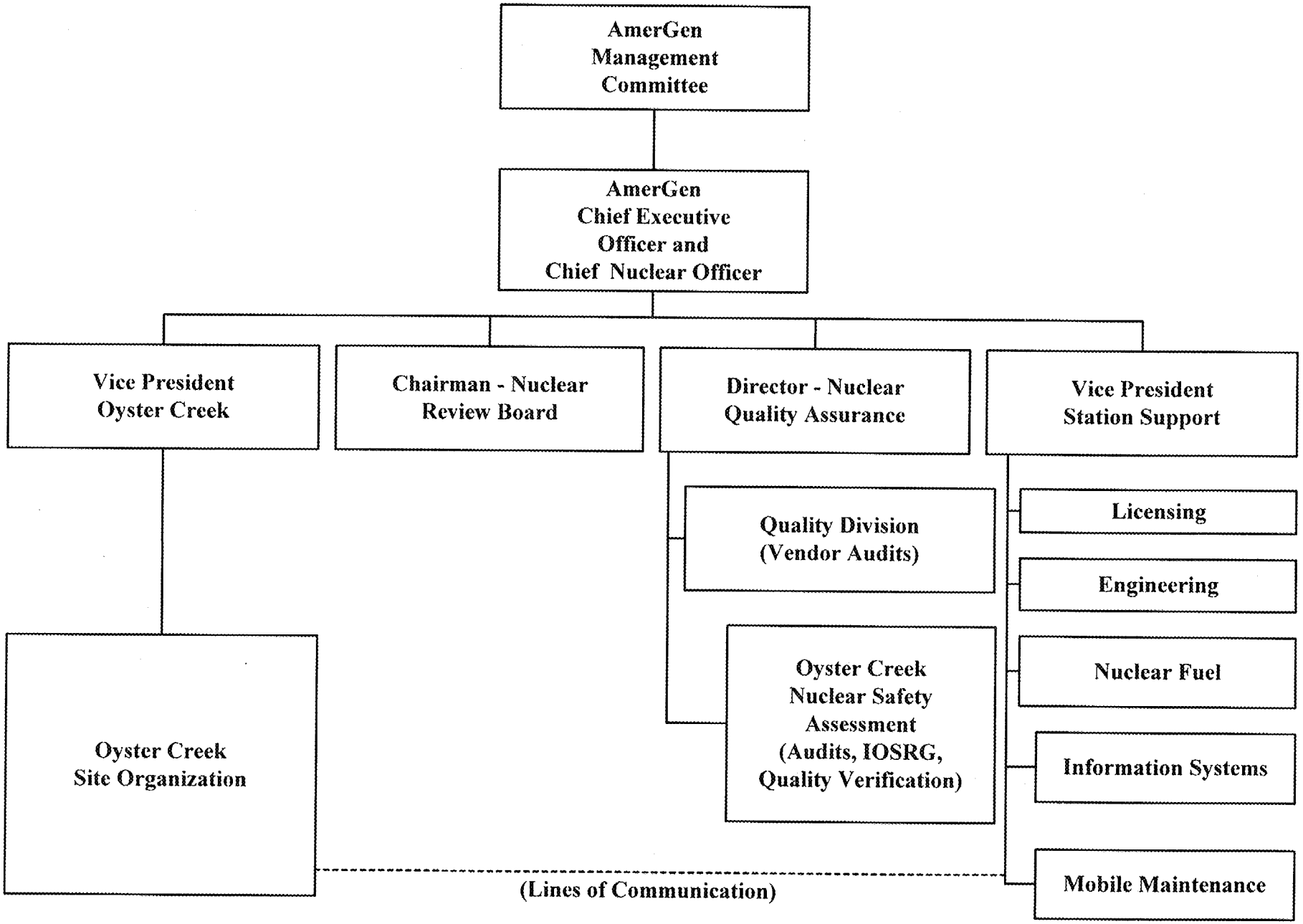
GPU NUCLEAR, INC.

Terrance G. Howson
Vice President and Treasurer

ENCLOSURE 4

ORGANIZATIONAL CHART SHOWING POST-ACQUISITION MANAGEMENT AND SUPPORT STRUCTURE

Post-Acquisition Oyster Creek Management and Support Structure



ENCLOSURE 5

PROJECTED INCOME STATEMENT AND BALANCE SHEET OF AMERGEN'S ANTICIPATED ASSETS, LIABILITIES AND CAPITAL STRUCTURE AT CLOSING (NON-PROPRIETARY VERSION)

Oyster Creek Nuclear Generating Station
PROJECTED INCOME STATEMENT
($Millions)

Operating Revenues
Sales - Contract
Sales - Market
Total Revenues

Operating Expenses
Fuel Amortization
Spent Fuel
O&M
Transition Expense
Administrative & Other
Book Depreciation
Taxes Other
Total Operating Expenses

Operating Income (Loss)

Other Income (Deductions)
Other Income
Interest Income/(Expense)
Total Other Income

Income before Income Taxes

Income Taxes

Net Income/(Loss)

Financing Transaction with GPU

Adjusted Net Income/(Loss)

Note: The Projected Income Statement excludes income from the Decommissioning Fund and the corresponding expense from the revalorization of the projected decommissioning expenses for the purposes of this analysis. The Decommissioning Fund is dedicated to cover the projected expenses. Further, the Decommissiong Fund is deemed to be sufficient to cover all projected decommissioning expenses which don't commence until 2009. Finally, the financial impact of this exclusion is minimal.

Note: Revenue shown in Year 2000 includes projected receipts from GPU to cover the financing of the 18R Outage which is not considered income to AmerGen from an accounting perspective.

PROJECTED OPENING BALANCE SHEET

($Millions)

ASSETS

Current Assets
Cash & Accounts Receivable

Fixed Assets
Plant
Fuel
Total Fixed Assets

Other
Decom Fund
Goodwill
Total Other

Total Assets

LIABILITIES

Current Liabilities
Accounts Payable
Severance Provision
Total Current Liabilities

Non-Current Liabilities
Post Retirement Liability
Decommissioning
Total Non-Current Liabilities

Total Liabilities

OWNERS EQUITY

Equity

Total Liabillities & Owners Equit

Note: The Decommissioning Liability includes both radialogical and nonradialogical decommissioning liabilities.

Oyster Creek Nuclear Generating Station

Schedule ($M)

	1	2	3	4	5	6
	2000	2001	2002	2003	2004	2005
Calendar						
Days						
Hours						
Year (Pct.)						
Outage Hours						
Scheduled						
Forced						
Other						
Total						
Plant Operating Profile						
Operating Hours						
Capacity (MW)						
Generation (GWh)						
Price Projections						
PPA Price ($/MWh)						
Market Pricing						
Capacity ($/kW-year)						
Energy ($/MWh)						
Fuel						
Expense - Inc. Stmt ($/MWh)						
Spent Fuel ($/MWh)						
Cash Flow ($Millions)						
Initial Purchase						
Refueling						
Capital Additions ($Millions)						
Book Depreciation						
Purchase Price						
Additional Capital (Non Fuel)						
Goodwill						
Total						
Tax Depreciation Summary ($Millions)						
Purchase Price						
Capital Fuel						
Additional Capital (Non Fuel)						
Goodwill						
Total						
18R Outage Loan Disbursement						
18R Outage Loan Repay						

ENCLOSURE 6

POWER PURCHASE AGREEMENT

POWER PURCHASE AGREEMENT

This Power Purchase Agreement (this "Agreement"), dated as of October 15, 1999 by and among AmerGen Energy Company, L.L.C. ("AmerGen"), a Delaware limited liability company with offices located at 965 Chesterbrook Blvd., 63C-3, Wayne, Pennsylvania, 19087, and Jersey Central Power & Light Company, a New Jersey corporation ("Jersey Central"), with offices located at 2800 Pottsville Pike, Reading, PA 19605 (AmerGen and Jersey Central are each referred to herein as a "Party", and collectively as the "Parties").

WITNESSETH:

WHEREAS, concurrently with the execution of this Agreement, AmerGen and Jersey Central are entering into an Asset Purchase Agreement (the "Asset Purchase Agreement") of even date herewith under which Jersey Central agrees to sell and AmerGen agrees to purchase, on the terms and subject to the conditions set forth therein (the "Purchase"), the Oyster Creek Nuclear Generating Station, as described therein, and certain related assets (collectively, "OC"), and to assume certain liabilities and obligations; and

WHEREAS, the consummation of the Purchase (the "Closing") is subject to the execution and delivery of this Agreement by each of AmerGen and Jersey Central;

NOW, THEREFORE, in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, and intending to be legally bound, the Parties agree as follows:

1. DEFINITIONS.

In addition to the terms defined elsewhere herein, the following terms when used herein shall have the meanings assigned to them below:

1.1 Capacity Credits shall mean credits for capacity which meet the requirements set forth in the Reliability Assurance Agreement and the PJM Rules as defined therein.

1.2 Capacity Resources shall have the meaning set forth in the Reliability Assurance Agreement.

1.3 Closing Time shall mean the time as of which the Parties agree that the Purchase shall be deemed to have been consummated.

1.4 Jersey Central's Capacity Obligation shall mean the aggregate obligation of Jersey Central as a Load Serving Entity to make Unforced Capacity available to the PJM OI.

1.5 Load Serving Entity shall have the meaning set forth in the Reliability Assurance Agreement.

1.6 Peak Season shall have the meaning set forth in the Reliability Assurance Agreement.

1.7 PJM L.L.C. shall mean the PJM Interconnection L.L.C., a Delaware limited liability company.

1.8 PJM OI shall mean the Office of Interconnection, as defined in the Reliability Assurance Agreement.

1.9 Point of Delivery shall mean Points of Interconnection as specified in the Interconnection Agreement.

1.10 Reliability Assurance Agreement shall mean the Reliability Assurance Agreement Among Load Serving Entities in the PJM Control Area, dated as of June 2, 1997, as amended and hereafter amended.

1.11 Unforced Capacity shall have the meaning set forth in the Reliability Assurance Agreement.

2. **CONDITION PRECEDENT.** It is a condition precedent to the obligations of AmerGen and Jersey Central under this Agreement that the Closing shall have occurred.

3. **TERM.** The term ("Term") of this Agreement shall begin as of the Closing Time and shall end at 2400 eastern prevailing time on March 31, 2003.

4. **CAPACITY.**

4.1 **Sale of Capacity.** AmerGen shall provide and sell, and Jersey Central shall accept and purchase, all Unforced Capacity associated with OC during the Term. The amount of Unforced Capacity associated with OC shall be determined in accordance with Schedule 9 of the Reliability Assurance Agreement, or any successor Schedule or agreement which, during the Term, governs the PJM OI's determination of the capability of Capacity Resources. Should Unforced Capacity be replaced with some other measure of the capability of a Capacity Resource, and if the use of such replacement measure is effective during the Term, then AmerGen shall provide and sell, and Jersey Central shall accept and purchase, the capability of OC as measured by such replacement measure, and the following subparagraphs of this paragraph 4 shall apply to such capability of OC instead of to Unforced Capacity.

4.2 **Requirements for Capacity.**

4.2.1. AmerGen shall take all action required under the Reliability Assurance Agreement to cause OC to be a Capacity Resource at all times during the Term.

4.2.2. AmerGen shall use all commercially reasonable efforts to maximize the capability of OC as a Capacity Resource, in accordance with Schedule 9 of the Reliability Assurance Agreement, or any successor Schedule or agreement which, during the Term, governs the determination of the capability of Capacity Resources.

4.2.3. AmerGen shall take all action necessary on its part under the Reliability Assurance Agreement to cause all of the Unforced Capacity associated with OC during the Term to be available to Jersey Central to be credited against Jersey Central's Capacity Obligation.

4.2.4. AmerGen shall cooperate with Jersey Central as required to enable Jersey Central to take all action necessary on its part under the Reliability Assurance Agreement to cause all of the Unforced Capacity associated with OC during the Term to be credited against Jersey Central's Capacity Obligation. This is to include AmerGen allowing Jersey Central to reasonably access and comment on the data submitted by AmerGen to the PJM OI necessary to support the calculations performed by the PJM OI for Unforced Capacity associated with OC. The obligation of confidentiality imposed on Jersey Central under paragraph 18 of this Agreement will apply to all data to which AmerGen provides Jersey Central reasonable access.

4.2.5. Notwithstanding anything to the contrary set forth herein, AmerGen shall not be responsible for meeting any of Jersey Central's Capacity Obligation.

4.3 **Prohibition of Other Actions.** In addition to using all Commercially Reasonable Efforts to maximize the capability of OC as a Capacity Resource, AmerGen shall not schedule or take any planned maintenance outage for OC during any Peak Season during the Term, unless required to do so by the PJM OI.

5. ENERGY.

5.1 **Sale of Energy.** During the Term, AmerGen shall sell and deliver at the Point of Delivery, and Jersey Central shall accept and purchase, the total electric output of OC in excess of (a) the output used to operate OC, and (b) the output used in the transformation and transmission of electric energy to the Point of Delivery, provided that for purposes of this Agreement, such Net Electric Output shall not be less than zero ("Net Electric Output").

5.2 **Other Costs.** AmerGen shall have no responsibility or liability for costs for the transmission of energy beyond the Point of Delivery, including but not limited to, transmission and ancillary service costs and congestion costs.

5.3 **Nature of Service.** The energy deliveries shall be firm energy, unit specific from OC, and AmerGen shall have no minimum or maximum delivery obligations over any time period, other than the obligation to provide all Net Electric Output generated by OC during the Term to Jersey Central. If OC is unavailable in whole or in part, AmerGen shall have no obligation to supply back-up energy to Jersey Central.

6. OTHER PRODUCTS.

6.1 Any other products that are derived from OC, including, but not limited to, ancillary services, shall not be the subject of this Agreement. AmerGen shall have the right to sell such products to third parties.

6.2 AmerGen acknowledges that, notwithstanding the foregoing, the PJM Rules as defined in the Reliability Assurance Agreement, as in effect on the date hereof, provide Jersey Central with exclusive access to the Fixed Transmission Rights, as defined in the PJM Open Access Transmission Tariff, associated with OC during the Term. Such Fixed Transmission Rights are not being sold, assigned or otherwise transferred under this Agreement.

7. PRICE.

In consideration for the delivery to the Point of Delivery and sale to Jersey Central of the Net Electric Output of OC and the provision of Unforced Capacity to Jersey Central, or to the PJM OI for the benefit of Jersey Central, during the Term, Jersey Central shall pay to AmerGen an amount equal to the sum of the products of the electric energy, measured in MWH, delivered to the Point of Delivery from OC in each hour during the Term ("Hourly Delivered Energy") times the appropriate Hourly Prices from Schedule A hereto.

8. BILLING AND PAYMENT.

8.1. **Bills, Payments, Estimates, Interest, And Adjustments.** AmerGen shall render one monthly billing statement ("Bill") to Jersey Central for Net Electric Output and Unforced Capacity sold each month during the Term no later than the sixth working day of the month following the month in which such Net Electric Output and Unforced Capacity is sold. The Bill shall be due and payable by Jersey Central by wire transfer to an account specified by AmerGen, on the first banking day common to the Parties following the nineteenth day of the month in which AmerGen rendered the Bill. Interest on unpaid amounts shall accrue daily from the due date of such unpaid amount until the date paid at a rate equal to the prime rate of Citibank, N.A., or its successor, plus two percent, but in no event in excess of the maximum interest rate permitted by law. If AmerGen renders a Bill on an estimated basis, any adjustment for actual energy deliveries shall be made in a subsequent month's Bill. Each Bill shall be subject to adjustment for errors in arithmetic, computation, meter readings, or other errors, until twelve months after the date AmerGen rendered the Bill

8.2. **Disputes.** In the event Jersey Central disputes a Bill or portion thereof, or any other claim or adjustment arising hereunder, Jersey Central shall, nevertheless, pay the greater of the undisputed portion of such Bill or the sum over the respective month of the product of 75% of the Hourly Delivered Energy as billed by AmerGen and the appropriate price for each such hour, as set forth in Schedule A. Together with such payment, Jersey Central shall provide written notice to AmerGen, in the manner set forth in paragraph 13.3, of the points in dispute. If it is subsequently determined or agreed that an adjustment to the Bill is appropriate, AmerGen will promptly prepare a revised Bill. Any overpayment or underpayment shall bear interest (at the rate provided in Section 8.1, above) and shall be assessed from the time of said over or under payment to the date of the refund or payment thereof. Payment pursuant to the revised Bill shall be made as provided in the preceding subparagraph.

8.3. **Billing and Payment Records.** AmerGen and Jersey Central shall keep all books and records necessary for billing and payment in accordance with the provisions of subparagraph 13.2 of this Agreement.

9. ADDITIONAL COVENANTS.

9.1 AmerGen shall use its best efforts (but without having to incur any unreasonable expense) to notify Jersey Central of the occurrence of each forced outage at OC during the Term, if any, as soon as reasonably practicable. AmerGen shall use best efforts (but without having to incur any unreasonable expense) to keep Jersey Central informed as to when OC is expected to return from a forced outage and the critical items associated with the forced outage.

9.2 AmerGen shall inform Jersey Central of AmerGen's schedules for maintenance and other planned outages, and of any changes thereto, as far in advance as reasonably practicable.

9.3 AmerGen shall comply with the requirements of the clauses set forth in the following provisions of the Federal Acquisition Regulations ("FAR"), 48 Code of Federal Regulations, Chapter 1, as the same may be in effect from time to time:

(i) Clean Air and Water: §52.223-2;

(ii) Contract Work Hours and Safety Standards Act -Overtime Compensation: §52.222-4;

(iii) Equal Opportunity: §52.222-26;

(iv) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: §52.222-35 and §52.222-37;

(v) Affirmative Action for Handicapped Workers: §52.222-36;

(vi) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: §52.219-8 and §52.219-9

AmerGen shall use its best efforts (but without having to incur any unreasonable expense) to include the terms or substance of each of the foregoing clauses in its subcontracts as and to the extent required by the FAR. In the event of a conflict between the provisions of this Section 9.3 and any other provision of this Agreement, this Section 9.3 shall govern.

10. INTENTIONALLY OMITTED.

11. TERMINATION AND DEFAULT.

11.1. Events of Default by AmerGen. The following shall constitute an Event of Default by AmerGen:

11.1.1. AmerGen provides or makes available Unforced Capacity associated with OC at any time during the Term to any party other than Jersey Central.

11.1.2. AmerGen delivers or provides energy generated by OC at any time during the Term to any party other than Jersey Central.

11.1.3. AmerGen's dissolution or liquidation, unless there has been a valid assignment hereof by AmerGen under Section 23 to an entity which is not dissolving or liquidating.

11.1.4. AmerGen's assignment of this Agreement or any of its rights hereunder for the benefit of creditors without obtaining Jersey Central's prior written consent under Section 23, below.

11.1.5. A receiver or liquidator or trustee of AmerGen or of any of its property is appointed by a court of competent jurisdiction, and such receiver, liquidator or trustee is not discharged within sixty (60) days; or by decree of such a court, AmerGen is adjudicated bankrupt or insolvent or any substantial part of its property is sequestered, and such decree continues undischarged and unstayed for a period of sixty (60) days after the entry thereof; or a petition to declare bankruptcy or to reorganize AmerGen pursuant to any of the provisions of the Federal Bankruptcy Code, as now in effect or as it may hereafter be amended, or pursuant to any other similar state statute as now or hereafter in effect, is filed against AmerGen and is not dismissed within sixty (60) days after such filing.

11.1.6. AmerGen files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limiting the generality of the foregoing, AmerGen files a petition or answer or consent seeking relief or assisting in seeking relief in a bankruptcy under any provision of any federal or state bankruptcy law or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limiting the generality of the foregoing, AmerGen files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal Bankruptcy Code, as now in effect or as it may hereafter be amended, or pursuant to any other similar state statute as now or hereafter in effect, or an answer admitting the material allegations of a petition filed against it in such a proceeding; or AmerGen makes an assignment for the benefit of its creditors; or AmerGen admits in writing its inability to pay its debts generally as they become due; or AmerGen consents to the appointment of a receiver, trustee, or liquidator of it or of all or part of its property.

11.1.7. AmerGen fails to make any payment due under this Agreement and such failure continues for 20 days after AmerGen's receipt of written notice of such failure from Jersey Central.

11.1.8. AmerGen materially fails to perform any of its material obligations under this Agreement, other than those referred to in paragraphs 11.1.1. through 11.1.7., inclusive, above, and such failure, if curable, shall remain uncured for a period of 30 days following written notice of the occurrence thereof having been provided by Jersey Central to AmerGen.

11.1.9. No failure on the part of AmerGen to perform its obligations under Section 9.3 hereof shall be an Event of Default, but may nevertheless be a breach of this Agreement for which Jersey Central may be entitled to equitable remedies.

11.2. **Events of Default by Jersey Central.** The following shall constitute an Event of Default by Jersey Central:

11.2.1. Jersey Central fails to accept and purchase the Unforced Capacity associated with OC or causes the Unforced Capacity associated with OC to become available to a party other than Jersey Central and fails to pay the price set forth herein for such Unforced Capacity.

11.2.2. Jersey Central fails to accept and purchase the energy generated by OC, or causes energy generated by OC to be delivered to any party other than Jersey Central and fails to pay the price set forth herein for such energy.

11.2.3. Jersey Central's dissolution or liquidation.

11.2.4. Jersey Central's assignment of this Agreement or any of its rights hereunder for the benefit of creditors without obtaining AmerGen's prior written consent under paragraph 23, below.

11.2.5. A receiver or liquidator or trustee of Jersey Central or of any of its property is appointed by a court of competent jurisdiction, and such receiver, liquidator or trustee is not discharged within sixty (60) days; or by decree of such a court, Jersey Central is adjudicated bankrupt or insolvent or any substantial part of its property is sequestered, and such decree continues undischarged and unstayed for a period of sixty (60) days after the entry thereof; or a petition to declare bankruptcy or to reorganize Jersey Central pursuant to any of the provisions of the Federal Bankruptcy Code, as now in effect or as it may hereafter be amended, or pursuant to any other similar state statute as now or hereafter in effect, is filed against Jersey Central and is not dismissed within sixty (60) days after such filing.

11.2.6. Jersey Central files a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limiting the generality of the foregoing, Jersey Central files a petition or answer or consent seeking relief or assisting in seeking relief in a bankruptcy under any provision of any federal or state bankruptcy law or consents to the filing of any bankruptcy or reorganization petition against it under any similar law; or, without limiting the generality of the foregoing, Jersey Central files a petition or answer or consent seeking relief or assisting in seeking relief in a proceeding under any of the provisions of the Federal Bankruptcy Code, as now in effect or as it may hereafter be amended, or pursuant to any other similar state statute as now or hereafter in effect, or an answer admitting the material allegations of a petition filed against it in such a proceeding; or Jersey Central makes an assignment for the benefit of its creditors; or Jersey Central admits in writing its inability to pay its debts generally as they become due; or AmerGen consents to the appointment of a receiver, trustee, or liquidator of it or of all or part of its property.

11.2.7. Jersey Central fails to make any payment due under this Agreement and such failure continues for 20 days following Jersey Central's receipt of written notice of such failure from AmerGen.

11.2.8. Jersey Central shall materially fail to perform any of its material obligations under this Agreement, other than those referred to in paragraphs 11.2.1. through 11.2.7., inclusive, above and such failure, if curable, shall remain uncured for a period of 30 days following written

notice of the occurrence thereof having been provided by AmerGen to Jersey Central.

11.3. **Termination by AmerGen.** If any one or more of the Events of Default described in paragraph 11.2 above occur, in addition to any other remedy available to it, upon written notice, AmerGen may: terminate (i) deliveries of Net Electric Output and Unforced Capacity under this Agreement and/or (ii) this Agreement without incurring any further liability. Jersey Central agrees to execute documentation required by the PJM OI and/or FERC in connection with any such termination, and to make any filings with FERC or any other regulatory body that may be necessary to effect such termination. AmerGen's termination of this Agreement shall not excuse pre-existing liabilities of either Party.

11.4. **Termination by Jersey Central.** If any one or more of the Events of Default described in paragraph 11.1 above occur, in addition to any other remedy available to it, upon written notice, Jersey Central may terminate this Agreement without incurring any further liability. Jersey Central's termination of this Agreement shall not excuse pre-existing liabilities of either Party.

11.5. **Additional Remedies.** A Party's right to terminate as the result of an occurrence of an Event of Default of the other Party shall not serve to limit the rights such Party may have under law or equity as a result of such Event of Default.

12. LIABILITY AND INDEMNIFICATION:

12.1. Exclusion Of Consequential Damages; Exceptions.

12.1.1. In no event will either Party be liable under this Agreement, or under any cause of action relating to the subject matter of this Agreement, for any special, indirect, incidental, punitive, exemplary or consequential damages, including, but not limited to, loss of profits or revenue; loss of use of any property; cost of substitute equipment, facilities or services; downtime costs; or claims of customers of the Parties for such damages. This provision shall survive the termination of this Agreement.

12.1.2. Notwithstanding Section 12.1.1, in the case of Jersey Central, the following, to the extent incurred by Jersey Central as a result of an Event of Default by AmerGen hereunder, shall not be special, indirect, incidental, punitive, exemplary or consequential damages:

(i) costs incurred to purchase Capacity Credits, Unforced Capacity, energy and transmission service needed by GPU to meet Jersey Central's Capacity Obligation to supply Jersey Central's customers or to meet Jersey Central's obligations under contracts to sell Unforced Capacity and/or energy;

(ii) damages under contracts incurred by Jersey Central as a direct result of the failure of Jersey Central to provide the Unforced Capacity and/or energy from OC required to be provided by Jersey Central under such contracts; or

(iii) deficiency charges imposed by PJM and other costs incurred under the Reliability Assurance Agreement by Jersey Central as a result of Jersey Central's failure to meet Jersey Central's Capacity Obligation.

12.1.3. Notwithstanding Section 12.1.1, in the case of AmerGen, lost profits to the extent incurred by AmerGen as a result of an Event of Default by Jersey Central hereunder shall not be special, indirect, incidental, punitive, exemplary or consequential damages.

12.1.4. The provisions of subparagraphs 12.1.2 and 12.1.3 shall not be interpreted to mean: (1) that the non-defaulting party shall have a right to all of the remedies set forth in those subparagraphs; nor (2) that the non-defaulting party has no duty to mitigate damages, which duty the non-defaulting party shall have in the event of an Event of Default. The provisions of Section 12.1 shall survive termination of this Agreement.

12.3. Indemnification. Each Party shall comply with applicable worker's compensation laws, and the indemnities of this paragraph shall be fully applicable to all claims and payments arising under such laws. The indemnities of this paragraph shall survive the termination and expiration of this Agreement.

AmerGen and Jersey Central shall each indemnify, defend and hold the other, its members (in the case of AmerGen), directors, officers, employees and agents (including but not limited to affiliates and contractors and their employees) harmless from and against all liabilities, damages, losses, penalties, claims, demands, suits and proceedings of any nature whatsoever for personal injury (including death) or property damage that (1) (a) occur or arise on the side of the Point of Delivery of the indemnifying Party and (b) arise out of or are in any manner connected with the performance of this Agreement except to the extent that such injury or damage is attributable to the negligence or willful misconduct of the Party seeking to be indemnified; or (2) are attributable to the negligence or willful misconduct of the other Party from whom indemnity is being sought.

Promptly after receipt by a Party of any claim or notice of the commencement of any action, administrative or legal proceeding, or investigation as to which the indemnity provided for in this paragraph may apply, the indemnified Party shall notify the indemnifying Party in writing of such fact. The indemnifying Party shall assume the defense thereof with counsel designated by such Party and satisfactory to the indemnified Party; provided, however, that if the defendants in any such action include both the indemnified Party and the indemnifying Party

and the indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to, or inconsistent with, those available to the indemnifying Party, the indemnified Party shall have the right to select separate counsel to participate in the defense of such action on behalf of such indemnified Party.

Should a Party be entitled to indemnification under this paragraph as a result of a claim by a third party, and the indemnifying Party fails to assume the defense of such claim, the indemnified party will at the expense of the indemnifying Party contest (or, with the prior written consent of such indemnifying Party, settle) such claim, provided that no such contest need be made and settlement or full payment of any such claim may be made without consent of the indemnifying Party (with such indemnifying Party remaining obligated to indemnify the indemnified Party under this paragraph 12.3), if, in the written opinion of an independent third-party counsel chosen by the Company Representatives, such claim is meritorious. In the event that a Party is obligated to indemnify and hold the other Party and its successors and assigns harmless under this paragraph, the amount owing to the indemnified Party will be the amount of such Party's actual out-of-pocket loss net of any insurance proceeds received or other recovery.

13. CONTRACT ADMINISTRATION AND OPERATION:

13.1. Company Representative. AmerGen and Jersey Central will both appoint a representative (collectively, the "Company Representatives"), each of whom shall be duly authorized to act on behalf of the Party that appoints him, and with whom the other Party may consult at all reasonable times, and whose instructions, requests, and decisions shall be binding on the appointing Party as to all matters pertaining to the administration of this Agreement.

13.2. Record Retention. AmerGen and Jersey Central shall both keep complete and accurate records and all other data required by either of them for the purpose of proper administration of this Agreement, including such records as may be required by state or federal regulatory authorities, the PJM L.L.C., or the PJM OI. All such records shall be maintained for a minimum of five (5) years after the creation of the record or data and for any additional length of time required by state or federal regulatory agencies with jurisdiction over AmerGen or Jersey Central. AmerGen and Jersey Central, on a confidential basis as provided for in paragraph 18 of this Agreement, will provide reasonable access to the relevant and appropriate financial and operating records and data kept by the other relating to this Agreement necessary for such Party to comply with its obligations to federal and/or state regulatory authorities, the PJM L.L.C., and/or PJM OI, through the use of a mutually agreed upon third party auditor. The Party seeking access to such records in this manner shall pay 100% of the fees and expenses associated with use of the third party auditor.

13.3. **Notices.** All notices pertaining to this Agreement not explicitly permitted to be in a form other than writing shall be in writing and shall be given by same day or overnight delivery, electronic transmission, certified mail, or first class mail. Any notice shall be given to the other Party as follows:

If to AmerGen:

AmerGen Energy Company, LLC
965 Chesterbrook Blvd., 63C-3
Wayne, PA 19087
Attention: Charles P. Lewis
Vice President
Phone: (610) 640-6196
Fax: (610) 640-6611

If to Jersey Central:

Jersey Central
2800 Pottsville Pike
Reading, PA
Attention: C.A. Mascari, Vice President
Tel: (610) 921-6174
Fax: (610) 921-6879

If given by electronic transmission (including telex, facsimile or telecopy), notice shall be deemed given on the date received and shall be confirmed by a written copy sent by first class mail. If sent in writing by certified mail, notice shall be deemed given on the second business day following deposit in the United States mails, properly addressed, with postage prepaid. If sent by same-day or overnight delivery service, notice shall be deemed given on the day of delivery. AmerGen and Jersey Central may, by written notice to the other, change the representative, the address to which notices are to be sent, the form of notice, or its method of delivery.

14. **BUSINESS RELATIONSHIP:** Each Party shall be solely liable for the payment of all wages, taxes, and other costs related to the employment by such Party of persons who perform this Agreement, including all federal, state, and local income, social security, payroll and employment taxes and statutorily-mandated workers' compensation coverage. None of the persons employed by either Party shall be considered employees of the other Party for any purpose.

15. **TAXES:** Concurrently with its payments hereunder for the goods and/or services provided by AmerGen, Jersey Central agrees to pay any and all local, state, federal, sales, use, excise or any other taxes which are now, or in the future may be, assessed on goods provided and/or the services performed by AmerGen under this Agreement. AmerGen, however, shall be responsible for any income taxes that apply to the monies it receives hereunder.

16. **FORCE MAJEURE:**

16.1. **Effect of Force Majeure.** With the exceptions set forth below in subparagraph 16.2, the Parties shall be excused from the performance of their obligations hereunder and shall not be liable in damages or otherwise if, but only to the extent that, the performance of an obligation is prevented by any act, event, cause or condition that is beyond the affected Party's reasonable control, that is not caused by such Party's fault or negligence, and that by the exercise of reasonable diligence such Party is unable to overcome or prevent, including, but not limited to, the following: Acts of God, strikes, lockouts, floods, delays in transportation, acts of civil or military authorities, insurrection, operation of electric lines and systems or any interruption, loss or deterioration of electric services caused by the PJM OI and/or the electric lines, equipment or systems under its control.

16.2. **Exception.** Force Majeure shall not excuse AmerGen's or Jersey Central's obligations to make payments of amounts which are or become due hereunder.

17. **GOVERNMENT REGULATION:** This Agreement and all rights and obligations of the Parties hereunder are subject to all applicable federal, state and local laws and all duly promulgated orders and duly authorized actions of governmental authorities. Further, if at any time following receipt of any required approval, any State Commission or Board takes any action with respect to one or more of the companies that comprise Jersey Central relating to treatment of this Agreement or of the payments required to be made hereunder for energy and capacity, GPU agrees that neither this paragraph nor any other provision of this Agreement shall give Jersey Central the right to seek damages, to discontinue this Agreement, or to modify any of its terms and conditions in any way. In addition, the rates, terms, and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act, as either section may be amended or superseded, absent the mutual written agreement of the Parties. It is the intent of this paragraph 17 that, to the maximum extent permitted by law, the rates, terms, and conditions in this Agreement shall not be subject to change, regardless of whether such change is sought (a) by the FERC acting sua sponte on behalf of a Party or third party, (b) by a Party, (c) by a third party, or (d) in any other manner.

18. **CONFIDENTIALITY:** Except as otherwise required by law or for implementation of this Agreement, the Parties shall keep confidential the terms and conditions of this Agreement and the transactions undertaken pursuant hereto.

19. **GOVERNING LAW/CONTRACT CONSTRUCTION:** This Agreement shall be interpreted, construed, and governed by the laws of the State of New York, excluding the provisions thereof regarding conflict of laws, and the laws of the United States of America. For purposes of contract construction, or otherwise, this Agreement is the product of negotiation and neither Party to it shall be deemed to be the drafter of this Agreement or any part hereof. The paragraph and subparagraph headings of this Agreement are for convenience only and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

20. **WAIVER AND AMENDMENT:** Any waiver by either Party of any of the provisions of this Agreement must be made in writing, and shall apply only to the instance referred to in the writing, and shall not, on any other occasion, be construed as a bar to, or a waiver of, any right either Party has under this Agreement. The Parties may not modify, amend, or supplement this Agreement except by a writing signed by the Parties.

21. **BINDING EFFECT:** This Agreement is entered into solely for the benefit of AmerGen and Jersey Central, and their respective successors and permitted assigns.

22. **ENTIRE AGREEMENT:** This Agreement contains the complete and exclusive agreement and understanding between the Parties as to its subject matter.

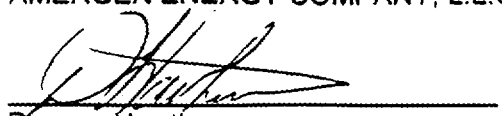
23. **ASSIGNMENT:** Neither Party may assign its rights or obligations under this Agreement without the consent of the non-assigning Party, which consent shall not be unreasonably withheld, except that either Party may assign this Agreement without the consent of the other Party to an entity, including an affiliate of the assigning party acquiring all or substantially all of the assets of the assigning Party or, in the case of AmerGen, substantially all of its generating assets. No assignment of this Agreement or of the rights or obligations of a Party shall relieve the assigning Party of liability for any breach by the assignee or for any other failure by the assignee to perform its obligations hereunder.

Notwithstanding anything herein to the contrary, nothing herein is intended to prohibit or otherwise restrict Jersey Central from selling or otherwise disposing to a third party Unforced Capacity or Net Electric Output purchased from AmerGen hereunder.

24. **SIGNATORS' AUTHORITY/COUNTERPARTS:** The undersigned certify that they are authorized to execute this Agreement on behalf of their respective Parties. This Agreement may be executed in two or more counterparts, each of which shall be an original. It shall not be necessary in making proof of the contents of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed this Agreement by the undersigned duly authorized representatives as of the date first stated above.

AMERGEN ENERGY COMPANY, L.L.C.



Duncan Hawthorne
Vice President

JERSEY CENTRAL
POWER & LIGHT COMPANY

Terrance G. Howson
Vice President and Treasurer

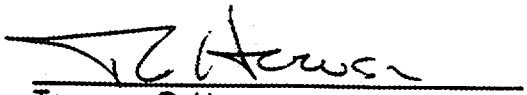
IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed this Agreement by the undersigned duly authorized representatives as of the date first stated above.

AMERGEN ENERGY COMPANY, L.L.C.

_____

Duncan Hawthorne
Vice President

JERSEY CENTRAL
POWER & LIGHT COMPANY



Terrance G. Howson
Vice President and Treasurer

SCHEDULE A

Hourly Price (S/MWH)
For
Unforced Capacity and Net Electric Output

A.1 The Hourly Price for Off-Peak Hours shall be the price set forth in following Table A-1 for Off-Peak Hours in the applicable month and for On-Peak Hours shall be the Unadjusted Price for On-Peak Hours set forth in the following Table A-1 plus the Adjustment Amount calculated as set forth in Section A-2 below.

TABLE A-1

Days in Month	Month	Year	Unadjusted Price for On-Peak[1] Hours	Price for Off-Peak[2] Hours
30	April	2000	29.72	19.50
31	May	2000	35.22	19.50
30	June	2000	62.97	19.50
31	July	2000	97.47	19.50
31	August	2000	96.47	19.50
30	September	2000	38.72	19.50
31	October	2000	29.97	19.50
30	November	2000	29.22	19.50
31	December	2000	30.47	19.50
31	January	2001	37.82	19.50
28	February	2001	37.62	19.50
31	March	2001	30.72	19.50
30	April	2001	32.55	19.50
31	May	2001	38.05	19.50
30	June	2001	65.80	19.50
31	July	2001	100.30	19.50
31	August	2001	99.30	19.50
30	September	2001	41.55	19.50
31	October	2001	32.80	19.50
30	November	2001	32.05	19.50
31	December	2001	33.30	19.50
31	January	2002	40.65	19.50
28	February	2002	40.45	19.50
31	March	2002	33.55	19.50
30	April	2002	31.32	19.50
31	May	2002	36.82	19.50
30	June	2002	64.57	19.50
31	July	2002	99.07	19.50
31	August	2002	98.07	19.50
30	September	2002	40.32	19.50
31	October	2002	31.57	19.50

[1] On-Peak Hours are all hours between and including the hours ending 8:00 a.m. and 11:00 p.m. Eastern Prevailing Time, Monday through Friday.

[2] Off-Peak Hours are all hours that are not On-Peak Hours.

30	November	2002	30.82	19.50
31	December	2002	32.07	19.50
31	January	2003	39.42	19.50
28	February	2003	39.22	19.50
31	March	2003	32.32	19.50

A.2 The Adjustment Amount shall be equal to the Closing Adjustment Amount divided by the Projected Remaining On-Peak Energy to be Generated in MWH, where:

Closing Adjustment Amount equals the sum of (i) the amount from the following Table A.2 for the month in which the Closing occurs, plus (ii) a pro-rata portion of the difference of (A) the amount for the next following month minus (B) the amount for the month in which the Closing occurs. Such difference may be negative, and in such case the pro-rata portion thereof added to the amount for the month in which the Closing occurs will reduce the Closing Adjustment Amount. Such pro-rata portion shall be based on the proportion that the number of days from the first day of the month in which the closing occurs to the Closing Date bears to the total number of days in that month; and

Projected Remaining On-Peak Energy to be Generated in MWH equals the difference of (i) the On-Peak MWH amount from the following Table A-3 for the month in which the Closing occurs, minus (ii) a pro-rata portion of the difference of (A) the On-Peak MWH amount for the month in which the Closing occurs, minus (B) the On-Peak MWH amount for the next following month. Such pro-rata portion shall be based on proportion that the number of days from the first day of the month in which the Closing occurs to the Closing date bears to the total number of days in that month.

TABLE A-2

Month	Year	Amount
April	2000	$0
May	2000	400,000
June	2000	2,100,000
July	2000	8,900,000
August	2000	22,200,000
September	2000	36,000,000
October	2000	37,400,000
November	2000	27,400,000
December	2000	20,400,000
January	2001	22,600,000
February	2001	25,500,000
March	2001	26,900,000
April	2001	27,900,000
May	2001	29,800,000

TABLE A-3

Month	Year	On-Peak MWH
April	2000	6,862,739
May	2000	6,671,827
June	2000	6,452,278
July	2000	6,245,285
August	2000	6,047,700
September	2000	5,831,298
October	2000	5,688,114
November	2000	5,688,114
December	2000	5,602,203
January	2001	5,398,873
February	2001	5,176,178
March	2001	4,982,530
April	2001	4,772,526
May	2001	4,572,069

ENCLOSURE 7

FORM OF NUCLEAR DECOMMISSIONING MASTER TRUST AGREEMENT

NUCLEAR DECOMMISSIONING MASTER TRUST AGREEMENT

THIS NUCLEAR DECOMMISSIONING MASTER TRUST AGREEMENT, dated as of _____ between AmerGen Energy Company, LLC, a limited liability company duly organized and existing under the laws of the State of Delaware, having its principal office at 965 Chesterbrook Blvd., Wayne, Pennsylvania 19087 (the "Company"), and MELLON BANK, N.A., as Trustee, having its principal office at One Mellon Bank Center, Pittsburgh, Pennsylvania 15258 (the "Trustee");

WITNESSETH:

WHEREAS, the Company owns one hundred percent of the Oyster Creek Nuclear Generating Station (the "Unit"); and

WHEREAS, the Company desires to appoint Mellon Bank, N.A. as successor Trustee and to continue to maintain pursuant to this Agreement its fund which qualifies as a Nuclear Decommissioning Reserve Fund under section 468A of the Internal Revenue Code of 1986, as amended, or any corresponding section or sections of any future United States internal revenue statute (the "Code") and the regulations thereunder (the "Qualified Fund"), and its fund of which does not so qualify (the "Nonqualified Fund"; collectively, the "Funds"), under the laws of the **[State of Delaware/Commonwealth of Pennsylvania].**

WHEREAS, the execution and delivery of this Agreement have been duly authorized by the Company and the Trustee and all things necessary to make this Agreement a valid and binding agreement by the Company and the Trustee have been done.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that to provide for the maintenance of the Funds and the making of payments therefrom and the performance of the covenants of the Company and the Trustee set forth herein, the Company does hereby sell, assign, transfer, set over and pledge unto the Trustee, and to its successors in the trust and its assigns, all of the Company's right, title and interest in and to any and all cash and property herewith and hereafter contributed to the Funds, subject to the provisions of Article V hereof and Section 4 of the Special Terms of the Qualified Nuclear Decommissioning Reserve Fund, attached hereto as Exhibit A (the "Special Terms").

TO HAVE AND TO HOLD THE SAME IN TRUST for the exclusive purpose of providing funds for the decommissioning of the Unit in order to satisfy the liability in connection therewith, to pay the administrative costs and other incidental expenses of the Funds, and to make certain investments, all as hereinafter provided.

ARTICLE I
Purposes of the Funds; Contributions

Section 1.01. Establishment of the Funds. The Master Trust shall be divided by the Trustee into Funds to be identified as follows:

(a) Oyster Creek Qualified Fund; and

(b) Oyster Creek Nonqualified Fund.

The Funds shall be maintained separately at all times in the United States as the Nonqualified Fund and the Qualified Fund pursuant to this Agreement and in accordance with the laws of the **[State of Delaware/Commonwealth of Pennsylvania]**. The Company intends that the Qualified Fund shall qualify as a Nuclear Decommissioning Reserve Fund under section 468A of the Code. The assets of the Qualified Fund may be used only in a manner authorized by section 468A of the Code and the regulations thereunder and this Agreement cannot be amended to violate section 468A of the Code or the regulations thereunder. The Trustee shall maintain such records as are necessary to reflect each Fund separately on its books from each other Fund and shall create and maintain such subaccounts within each Fund as the Company shall direct.

Section 1.02. Purposes of the Funds. The Funds are established for the exclusive purpose of providing funds for the decommissioning of the Unit identified in their respective titles. The Nonqualified Fund shall accumulate all contributions (whether from the Company or others) which do not satisfy the requirements for contributions to the Qualified Fund pursuant to Section 2 of the Special Terms. The Qualified Fund shall accumulate all contributions (whether from the Company or others) which satisfy the requirements of Section 2 of the Special Terms. The Qualified Fund shall also be governed by the provisions of the Special Terms, which provisions shall take precedence over any provisions of this Agreement construed to be in conflict therewith. None of the assets of the Funds shall be subject to attachment, garnishment, execution or levy in any manner for the benefit of creditors of the Company or any other party.

Section 1.03. Contributions to the Funds. The assets of the Funds shall be transferred or contributed by the Company (or by others approved in writing by the Company) from time to time. Cash contributions for a Unit shall be allocated to its Qualified Fund unless the Company designates in writing at the time of payment to which of the Unit's two Funds the payment is allocated. The Company shall have sole discretion as to whether cash payments are allocated to a Qualified Fund or a Nonqualified Fund.

ARTICLE II
Payments by the Trustee

Section 2.01. Use of Assets. The assets of the Funds shall be used exclusively (a) to satisfy, in whole or in part, any expenses or liabilities incurred with respect to the decommissioning of the Unit, including expenses incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and all expenses incurred after the actual decommissioning occurs, such as physical security and radiation monitoring expenses (the "Decommissioning Costs"), (b) to pay the administrative costs and other incidental expenses of each Fund, and (c) to invest in securities and investments as directed by the investment manager(s) pursuant to Section 3.02(a) or the Trustee pursuant to Section 3.02(b), except that all assets of a Qualified Fund must be invested in Permissible Assets as defined in the Special Terms. The assets of the Funds shall not be invested in the securities or other obligations of **[GPU Nuclear, Inc., Peco Energy, British Energy, plc,]** or affiliates thereof, or their successors or assigns. Except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants is prohibited. Use of the assets of a Qualified Fund shall be further limited by the provisions of the Special Terms.

Section 2.02. Certification for Decommissioning Costs.

(a) If assets of the Funds are required to satisfy Decommissioning Costs, the Company shall present a certificate substantially in the form attached hereto as Exhibit B to the Trustee signed by its Chairman of the Board, its President or one of its Vice Presidents and its Treasurer or an Assistant Treasurer, requesting payment from the Fund. Any certificate requesting payment by the Trustee to a third party or to the Company from the Fund for Decommissioning Costs shall include the following:

(1) a statement of the amount of the payment to be made from the Fund and whether the payment is to be made from the Nonqualified Fund, the Qualified Fund or in part from both Funds;

(2) a statement that the payment is requested to pay Decommissioning Costs which have been incurred, and if payment is to be made from the Qualified Fund, a statement that the Decommissioning Costs to be paid constitute Qualified Decommissioning Costs, as defined in the Special Terms;

(3) the nature of the Decommissioning Costs to be paid;

(4) the payee, which may be the Company in the case of reimbursement for payments previously made or expenses previously incurred by the Company for Decommissioning Costs;

(5) a statement that the Decommissioning Costs for which payment is requested have not theretofore been paid out of the Funds; and

(6) a statement that any necessary authorizations of the U.S. Nuclear Regulatory Commission ("NRC") and/or any other governmental agencies having jurisdiction with respect to the decommissioning have been obtained.

(b) The Trustee shall retain at least one counterpart of all copies of such certificates (including attachments) and related documents received by it pursuant to this Article II.

(c) The Company shall have the right to enforce payments from the Funds upon compliance with the procedures set forth in this Section 2.02.

Section 2.03. Administrative Costs. The Trustee shall pay, as directed by the Company, the administrative costs and other incidental expenses of the Nonqualified Fund, including all federal, state, and local taxes, if any, imposed directly on the Nonqualified Fund, legal expenses, accounting expenses, actuarial expenses and trustee expenses, from the assets of the Nonqualified Fund and shall pay, as directed by the Company, the administrative costs and other incidental expenses of the Qualified Fund, as defined in the Special Terms, from the assets of the Qualified Fund.

Section 2.04. Payments between the Funds. The Trustee shall make payments (i) from the Qualified Fund to the Nonqualified Fund provided such payments are in cash and are in accordance with Section 4 of the Special Terms or (ii) from the Nonqualified Fund to the Qualified Fund provided such payments are in cash and are in accordance with the contribution limitations set forth in Section 2 of the Special Terms, as the case may be, upon presentation by the Company of a certificate substantially in the form of Exhibit C hereto executed by the Company instructing the Trustee to make any such payments. The Trustee shall be fully protected in relying upon such certificate.

ARTICLE - III
Concerning the Trustee

Section 3.01. Authority of Trustee. The Trustee hereby accepts the trust created under this Agreement. The Trustee shall have the authority and discretion to manage and control the Funds to the extent provided in this Agreement but does not guarantee the Funds in any manner against investment loss or depreciation in asset value or guarantee the adequacy of the Funds to satisfy the Decommissioning Costs. The Trustee shall not be liable for the making, retention or sale of any asset of a Qualified Fund which qualifies as a Permissible Asset, as defined in the Special Terms, nor shall the Trustee be responsible for any other loss to or diminution of the Funds, or for any other loss or

damage which may result from the discharge of its duties hereunder except for any action not taken in good faith.

Section 3.02. Investment of Funds. (a) The Company shall have the authority to appoint one or more investment managers who shall have the power to direct the Trustee in investing the assets of the Funds; provided, however, that the Trustee shall not follow any direction which would result in assets of a Qualified Fund being invested in assets other than Permissible Assets as defined in the Special Terms. To the extent that the Company chooses to exercise this authority, it shall so notify the Trustee and instruct the Trustee in writing to separate into a separate account those assets the investment of which will be directed by each investment manager. The Company shall designate in writing the person or persons who are to represent any such investment manager in dealings with the Trustee. Upon the separation of the assets in accordance with the Company instructions, the Trustee, as to those assets while so separated, shall be released and relieved of all investment duties, investment responsibilities and investment liabilities normally or statutorily incident to a trustee; provided, however, that the Trustee shall not be relieved of the responsibility of ensuring that assets of a Qualified Fund are invested solely in Permissible Assets, as defined in the Special Terms. The Trustee shall retain all other fiduciary duties with respect to assets the investment of which is directed by investment managers.

(b) To the extent that the investment of assets of the Funds are not being directed by one or more investment managers under Section 3.02(a), the Trustee shall hold, invest, and reinvest the funds delivered to it hereunder as it in its sole discretion deems advisable, subject to the restrictions set forth herein for investment of the assets of a Qualified Fund.

(c) Regardless of the person directing investments, any assets of a Qualified Fund shall be invested solely in Permissible Assets as defined in, and required by, the Special Terms, and shall be accumulated, invested, and reinvested in like manner. Upon the written consent of the Company, the assets of a Qualified Fund relating to a Unit may be pooled, but only with the assets of any other Qualified Fund relating to any other Unit; provided that the book and tax allocations of the Qualified Fund Pool are made in proportion to each Qualified Fund's relative book capital accounts. Upon the written consent of the Company, the assets of a Nonqualified Fund relating to a Unit may be pooled, but only with the assets of another Nonqualified Fund relating to any other Unit.

(d) Notwithstanding any other provision of this Agreement, with respect to the pooling of investments authorized by subparagraph (c) no part of any Fund's (or any subsequent holder's) interest in such pool, nor any right pertaining to such interest (including any right to substitute another entity for the Fund or for any subsequent holder, as holder of investments pooled pursuant to subparagraph (c)) may be sold, assigned, transferred or otherwise alienated or disposed of by any holder of an interest in the pool unless the written consent to the transfer of every other holder of interests in such pool is obtained in advance of any such transfer.

(e) Notwithstanding the provisions of subparagraph (d) of this Section, a Fund's investment in a pooled arrangement may be withdrawn from the pool (but not from the Master Trust, except as otherwise permitted by this Agreement) at any time upon 7 days written notice to the Trustee by the Fund. If the Fund withdraws its entire interest in a pool, the pooled arrangement shall terminate 30 days after notice of final withdrawal has been given by any withdrawing Fund unless a majority in interest of the remaining Funds give their written consent to continue the pool within such 30 day period. If the pooled arrangement terminates, each Fund's assets will be segregated into a separate account under the Master Trust, and no further commingling may occur for a period of at least one year after such termination.

(f) Subparagraphs (c), (d) and (e) apply to transfers of interests within, and withdrawals from, the pooling arrangement. Nothing within these sections shall be interpreted to permit or to limit transfer of interests in, or withdrawals from, a fund, which transfers and withdrawals are governed by other provisions of this agreement. In addition, the provisions of subparagraphs (c), (d) and (e) shall not limit the Trustee's authority to invest in permissible common or collective trust funds.

Section 3.03. Prohibition Against Self Dealing. Notwithstanding any other provision in this Agreement, the Trustee shall not engage in any act of self dealing as defined in section 468A(e)(5) of the Code and Treas. Reg. § 1.468A-5(b) or any corresponding future law or Treasury Regulation.

Section 3.04. Compensation. The Trustee shall be entitled to receive out of the Funds reasonable compensation for services rendered by it, as well as expenses necessarily incurred by it in the execution of the trust hereunder, provided such compensation and expenses qualify as administrative costs and other incidental expenses of the Qualified Fund, as defined in the Special Terms, with respect to any payment of compensation and expenses from the Qualified Fund. The Company acknowledges that, as part of the Trustee's compensation, the Trustee will earn interest on balances, including disbursement balances and balances arising from purchase and sale transactions. If the Trustee advances cash or securities for any purpose, including the purchase or sale of foreign exchange or of contracts for foreign exchange, or in the event that the Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act, or willful misconduct, any property at any time held for the Funds or under this Agreement shall be security therefor and the Trustee shall be entitled to collect from the Funds sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Company held under this Agreement to the extent necessary to obtain reimbursement. To the extent the Trustee advances funds to the Funds for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Funds either (i) with respect to domestic assets, an amount equal to what would have been earned on the sums advanced (an amount approximating the "federal funds" interest rate) or (ii) with respect to nondomestic assets, the rate applicable to the appropriate foreign market.

Section 3.05. Books of Account. The Trustee shall keep separate true and correct books of account with respect to each of the Funds, which books of account shall at all reasonable times be open to inspection by the Company or its duly appointed representatives. The Trustee shall, upon written request of the Company, permit government agencies, such as the NRC or the Internal Revenue Service, to inspect the books of account of the Funds. The Trustee shall furnish to the Company by the tenth business day of each month a statement for each Fund showing, with respect to the preceding calendar month, the balance of assets on hand at the beginning of such month, all receipts, investment transactions, and disbursements which took place during such month and the balance of assets on hand at the end of such month. The Trustee agrees to provide on a timely basis any information deemed necessary by the Company to file the Company's federal, state and local tax returns.

Section 3.06. Reliance on Documents. The Trustee, upon receipt of documents furnished to it by the Company pursuant to the provisions of this Agreement, shall examine the same to determine whether they conform to the requirements thereof. The Trustee acting in good faith may conclusively rely, as to the truth of statements and the correctness of opinions expressed in any certificate or other documents conforming to the requirements of this Agreement. If the Trustee in the administration of the Funds, shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless evidence in respect thereof is otherwise specifically prescribed hereunder) may be deemed by the Trustee to be conclusively provided or established by a certificate signed by the Chairman of the Board, the President or any Vice President of the Company and delivered to the Trustee. The Trustee shall have no duty to inquire into the validity, accuracy or relevancy of any statement contained in any certificate or document nor the authorization of any party making such certificate or delivering such document and the Trustee may rely and shall be protected in acting or refraining from acting upon any such written certificate or document furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not, however, be relieved of any obligation (a) to refrain from self-dealing as provided in Section 3.03 hereof, or (b) to ensure that all assets of a Qualified Fund are invested solely in Permissible Assets as defined in the Special Terms.

Section 3.07. Liability and Indemnification. The Trustee shall not be liable for any action taken by it in good faith and without gross negligence, willful misconduct or recklessness and reasonably believed by it to be authorized or within the rights or powers conferred upon it by this Agreement and may consult with counsel of its own choice (including counsel for the Company) and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and without gross negligence and in accordance with the opinion of such counsel, provided, however, that the Trustee shall be liable for direct damages resulting from investing assets of the Qualified Fund in other than Permissible Assets or from self dealing as provided in Section 3.03 hereof. Provided indemnification does not result in selfdealing under Section 3.03 hereof or in a deemed contribution to a Qualified Fund in excess of the

limitation on contributions under Section 468A of the Code and the regulations thereunder, the Company hereby agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence, willful misconduct, recklessness or bad faith on the part of the Trustee, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim of liability, provided such loss, liability or expense does not result from investing assets of a Qualified Fund in other than Permissible Assets as defined in the Special Terms or from self dealing under Section 3.03 hereof, and provided further that no such costs or expenses shall be paid if the payment of such costs or expenses is prohibited by section 468A of the Code or the regulations thereunder.

The Trustee shall not be responsible or liable for any losses or damages suffered by the Fund arising as a result of the insolvency of any custodian, subtrustee or subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such entity. Under no circumstances shall the Trustee be liable for any indirect, consequential, or special damages with respect to its role as Trustee.

Section 3.08. Resignation, Removal and Successor Trustees. The Trustee may resign at any time upon sixty (60) days written notification to the Company. The Company may remove the Trustee for any reason at any time upon thirty (30) days written notification to the Trustee. If a successor Trustee shall not have been appointed within these specified time periods after the giving of written notice of such resignation or removal, the Trustee or Company may apply to any court of competent jurisdiction to appoint a successor Trustee to act until such time, if any, as a successor shall have been appointed and shall have accepted its appointment as provided below. If the Trustee shall be adjudged bankrupt or insolvent, a vacancy shall thereupon be deemed to exist in the office of Trustee and a successor shall thereupon be appointed by the Company. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company an appropriate written instrument accepting such appointment hereunder, subject to all the terms and conditions hereof, and thereupon such successor Trustee shall become fully vested with all the rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as Trustee hereunder. The predecessor Trustee shall upon written request of the Company, and payment of all fees and expenses, deliver to the successor Trustee the corpus of the Funds and perform such other acts as may be required or be desirable to vest and confirm in said successor Trustee all right, title and interest in the corpus of the Funds to which it succeeds.

Section 3.09. Merger of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation to which the corporate trust functions of the Trustee may be transferred, shall be the successor Trustee under this Agreement without the necessity of executing or filing any additional

acceptance of this Agreement or the performance of any further act on the part of any other parties hereto.

ARTICLE IV
Amendments

The Company may revoke this Agreement at any time or may amend this Agreement from time to time, provided such amendment does not cause the Qualified Fund to fail to qualify as a Nuclear Decommissioning Reserve Fund under section 468A of the Code and the regulations thereunder. The Qualified Fund is established and shall be maintained for the sole purpose of qualifying as a Nuclear Decommissioning Reserve Fund under section 468A of the Code and the regulations thereunder. If the Qualified Fund would fail to so qualify because of any provision contained in this Agreement, this Agreement shall be deemed to be amended as necessary to conform with the requirements of section 468A and the regulations thereunder. If a proposed amendment shall affect the responsibility of the Trustee, such amendment shall not be considered valid and binding until such time as the amendment is executed by the Trustee. Notwithstanding any provision herein to the contrary, this Agreement cannot be modified in any material respect without first providing 30 days prior written notice to the NRC Director, Office of Nuclear Reactor Regulation.

ARTICLE V
Powers of the Trustee and Investment Manager

Section 5.01. General Powers. The Trustee shall have and exercise the following powers and authority in the administration of the Funds only on the direction of an Investment Manager where such powers and authority relate to a separate account established for an Investment Manager, and in its sole discretion where such powers and authority relate to investments made by the Trustee in accordance with Section 3.02(b):

(a) to purchase, receive or subscribe for any securities or other property and to retain in trust such securities or other property;

(b) to sell, exchange, convey, transfer, lend, or otherwise dispose of any property held in the Funds and to make any sale by private contract or public auction; and no person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(c) to vote in person or by proxy any stocks, bonds or other securities held in the Funds;

(d) to exercise any rights appurtenant to any such stocks, bonds or other securities

for the conversion thereof into other stocks, bonds or securities, or to exercise rights or options to subscribe for or purchase additional stocks, bonds or other securities, and to make any and all necessary payments with respect to any such conversion or exercise, as well as to write options with respect to such stocks and to enter into any transactions in other forms of options with respect to any options which the Funds have outstanding at any time;

(e) to join in, dissent from or oppose the reorganization, recapitalization, consolidation, sale or merger of corporations or properties of which the Funds may hold stocks, bonds or other securities or in which it may be interested, upon such terms and conditions as deemed wise, to pay any expenses, assessments or subscriptions in connection therewith, and to accept any securities or property, whether or not trustees would be authorized to invest in such securities or property, which may be issued upon any such reorganization, recapitalization, consolidation, sale or merger and thereafter to hold the same, without any duty to sell;

(f) to enter into any type of contract with any insurance company or companies, either for the purposes of investment or otherwise; provided that no insurance company dealing with the Trustee shall be considered to be a party to this Agreement and shall only be bound by and held accountable to the extent of its contract with the Trustee. Except as otherwise provided by any contract, the insurance company need only look to the Trustee with regard to any instructions issued and shall make disbursements or payments to any person, including the Trustee, as shall be directed by the Trustee. Where applicable, the Trustee shall be the sole owner of any and all insurance policies or contracts issued. Such contracts or policies, unless otherwise determined, shall be held as an asset of the Funds for safekeeping or custodian purposes only;

(g) upon authorization of the Company to lend the assets of the Funds and, specifically, to loan any securities to brokers, dealers or banks upon such terms, and secured in such manner, as may be determined by the Trustee, to permit the loaned securities to be transferred into the name of the borrower or others and to permit the borrower to exercise such rights of ownership over the loaned securities as may be required under the terms of any such loan; provided, that, with respect to the lending of securities pursuant to this paragraph, the Trustee's powers shall subsume the role of custodian (the expressed intent hereunder being that the Corporation, in such case, be deemed a financial institution, within the meaning of section 101 (22) of the Bankruptcy Code); and provided, further, that any loans made from the Funds shall be made in conformity with such laws or regulations governing such lending activities which may have been promulgated by any appropriate regulatory body at the time of such loan;

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

Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Company shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty.

Notwithstanding anything in this Agreement to the contrary, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Funds resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Funds' property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement.

Section 5.02. Specific Powers of the Trustee. The Trustee shall have the following powers and authority, to be exercised in its sole discretion with respect to the Fund:

(a) to appoint agents, custodians, subtrustees, depositories or counsel, domestic or foreign, as to part or all of the Funds and functions incident thereto where, in the sole discretion of the Trustee, such delegation is necessary in order to facilitate the operations of the Funds and such delegation is not inconsistent with the purposes of the Funds or in contravention of any applicable law. To the extent that the appointment of any such person or entity may be deemed to be the appointment of a fiduciary, the Trustee may exercise the powers granted hereby to appoint as such a fiduciary any person or entity. Upon such delegation, the Trustee may require such reports, bonds or written agreements as it deems necessary to properly monitor the actions of its delegate;

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

responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book entry system, centralized custodial depository, or similar organization;

(c) to make, execute and deliver, as trustee, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or desirable for the accomplishment of any of the foregoing powers;

(d) to defend against or participate in any legal actions involving the Funds or the Trustee in its capacity stated herein, in the manner and to the extent it deems advisable;

(e) to form corporations and to create trusts, to hold title to any security or other property, to enter into agreements creating partnerships or joint ventures for any purpose or purposes determined by the Trustee to be in the best interests of the Funds;

(f) to establish and maintain such separate accounts in accordance with the instructions of the as the Company deems necessary for the proper administration of the Funds, or as determined to be necessary by the Trustee;

(g) to hold uninvested cash in its commercial bank or that of an affiliate, as it shall deem reasonable or necessary;

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

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

(j) to generally take all action, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the protection of the Funds.

Notwithstanding anything else in this Agreement to the contrary, including, without limitation, any specific or general power granted to the Trustee and to the Investment Managers, including the power to invest in real property, no portion of the

Funds shall be invested in real estate. For this purpose "real estate" includes, but is not limited to, real property, leaseholds or mineral interests.

Section 5.03 The powers described in this Section 6.1 may be exercised by the Trustee with or without instructions, from the Company or a party authorized by the Company to act on its behalf, but where the Trustee acts on Authorized Instructions, the Trustee shall be fully protected as described in Section 3.7. Without limiting the generality of the foregoing, the Trustee shall not be liable for the acts or omissions of any person appointed under paragraph (a) of Section 5.2 pursuant to Authorized Instructions.

Section 5.04 The assets of the Funds shall not be invested in the securities or other obligations of **[GPU Nuclear, Inc., Peco Energy, British Energy, plc],** or affiliates thereof, or their successors or assigns. Except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants is prohibited.

ARTICLE VI
Termination

The Qualified Fund shall terminate upon the later of (A) the earlier of either (i) substantial completion of decommissioning of their respective Unit, as defined in the Special Terms, or (ii) disqualification of the Qualified Fund by the Internal Revenue Service as provided in Treas. Reg. § 1.468A5(c) or any corresponding future Treasury Regulation or (B) termination by the NRC of the Unit's operating license. The Nonqualified Fund shall terminate upon termination by the NRC of the Unit's operating license. The Company shall notify the Trustee upon termination of any Fund, and the assets of the terminated Fund shall be distributed to the Company. If a Fund termination occurs before the NRC terminates the Unit's operating license, the Trustee will adhere to Section 5.02(b) of this Agreement.

ARTICLE VII
Miscellaneous

Section 7.01. Binding Agreement. All covenants and agreements in this Agreement shall be binding upon and inure to the benefit of the respective parties hereto, their successors and assigns.

Section 7.02. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given on the date mailed if sent by registered mail, return receipt requested, as follows:

MELLON BANK, N.A.
Trust and Investment Department
Attn: Trust Administration
Room 151-3346
One Mellon Bank Center
Pittsburgh, PA 15258

or at such other address as any of the above may have furnished to the other parties in writing by registered mail, return receipt requested.

Section 7.03. Governing Law. The Funds have been established pursuant to this Agreement in accordance with the requirements for a trust under the laws of the **[State of Delaware/Commonwealth of Pennsylvania]** and this Agreement shall be governed by and construed and enforced in accordance with the laws of the **[State of Delaware/Commonwealth of Pennsylvania].**

Section 7.04. Counterparts. This Agreement may be executed in several counterparts, and all such counterparts executed and delivered, each an original, shall constitute but one and the same instrument.

Section 7.05. (a) Contractual Income. The Trustee shall credit the Fund with income and maturity proceeds on securities on contractual payment date net of any taxes or upon actual receipt as agreed between the Trustee and the Company. To the extent the Company and the Trustee have agreed to credit income on contractual payment date, the Trustee may reverse such accounting entries with back value to the contractual payment date if the Trustee reasonably believes that such amount will not be received by it.

(b) Contractual Settlement. The Trustee will attend to the settlement of securities transactions on the basis of either contractual settlement date accounting or actual settlement date accounting as agreed between the Company and the Trustee. To the extent the Company and the Trustee have agreed to settle certain securities transactions on the basis of contractual settlement date accounting, the Trustee may reverse with back value to the contractual settlement date any entry relating to such contractual settlement where the related transaction remains unsettled according to established procedures.

Section 7.06. The Company and the Trustee hereby each represent and warrant to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind the Company and the Trustee to this Agreement.

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have hereunto set their hands and seals as of the day and year first above written.

AMERGEN ENERGY COMPANY, LLC

By:_____
Name:
Title:

MELLON BANK, N.A.

By:_____
Name:
Title:

EXHIBIT "A"

SPECIAL TERMS OF THE QUALIFIED NUCLEAR DECOMMISSIONING RESERVE FUND

The following Special Terms of the Qualified Nuclear Decommissioning Reserve Fund (the "Qualified Fund") (hereinafter referred to as the "Special Terms") will apply for purposes of the Nuclear Decommissioning Trust Agreement, dated _____ between AmerGen Energy Company, LLC (the "Company") and MELLON BANK, N.A. (the "Trustee") (the "Agreement").

Section 1. Definitions. The following terms as used in the Special Terms shall, unless the context clearly indicates otherwise, have the following respective meanings:

(a) "Administrative costs and other incidental expenses of a Qualified Fund" shall mean all ordinary and necessary expenses incurred in connection with the operation of a Qualified Fund, as provided in Treas. Reg. § 1.468A5(a)(3)(ii)(A) or any corresponding future Treasury Regulation, including without limitation, federal, state and local income tax, legal expenses, accounting expenses, actuarial expenses and trustee expenses.

(b) "Qualified Decommissioning Costs" shall mean all expenses otherwise deductible for federal income tax purposes without regard to section 280B of the Internal Revenue Code of 1986, as amended, or any corresponding section or sections of any future United States internal revenue statute (the "Code"), incurred (or to be incurred) in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of the Unit(s) when it has permanently ceased the production of electric energy, excluding any costs incurred for the disposal of spent nuclear fuel, as provided in Treas. Reg. § 1.468A1(b)(5) or any corresponding future Treasury Regulation. Such term includes all otherwise deductible expenses to be incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and all otherwise deductible expenses to be incurred with respect to the Unit after the actual decommissioning occurs, such a physical security and radiation monitoring expenses.

(c) "Permissible Assets" shall mean any investment permitted for a qualified nuclear decommissioning reserve fund under section 468A of the Code and the regulations thereunder.

(d) "Substantial completion of decommissioning" shall mean the date that the maximum acceptable radioactivity levels mandated by the NRC with respect to a decommissioned nuclear power plant are satisfied by the Unit; provided, however, that if the Company requests a ruling from the Internal Revenue Service, the date designated by

the Internal Revenue Service as the date on which substantial completion of decommissioning occurs shall govern; provided, further, that the date on which substantial completion of decommissioning occurs shall be in accordance with Treas. Reg. §1.468A5(d)(2) or any corresponding future Treasury Regulation.

Section 2. Contributions to a Qualified Fund. The assets of the Qualified Fund shall be contributed by the Company (or by others approved by the Company in writing) from time to time in cash. The Trustee shall not accept any contributions for the Qualified Fund other than cash payments with respect to which the Company is allowed a deduction under section 468A(a) of the Code and Treas. Reg. §1.468A2(a) or any corresponding future Treasury Regulations. The Company hereby represents that all contributions (or deemed contributions) by the Company to the Qualified Fund in accordance with the provisions of Section 1.03 of the Agreement shall be deductible under section 468A of the Code and Treas. Reg. §1.468A2(a) or any corresponding future Treasury Regulation or shall be withdrawn pursuant to Section 4 hereof.

Section 3. Limitation on Use of Assets. The assets of the Qualified Fund shall be used exclusively as follows:

(a) To satisfy, in whole or in part, the liability of the Company for Qualified Decommissioning Costs through payments by the Trustee pursuant to Section 2.02 of the Agreement; and

(b) To pay the administrative costs and other incidental expenses of the Qualified Fund; and

(c) To the extent the assets of the Qualified Fund are not currently required for (a) and (b) above, to invest directly in Permissible Assets.

Section 4. Withdrawals by the Company. If the Company's contribution (or deemed contribution) to the Qualified Fund in any one year exceeds the amount deductible under section 468A of the Code and the regulations thereunder, the Company may withdraw such excess contribution from the Qualified Fund or instruct the Trustee to withdraw such excess contribution from the Qualified Fund and pay such excess contribution to the Nonqualified Fund, as defined in the Agreement, pursuant to Section 2.04 of the Agreement, provided any such withdrawal occurs on or before the date prescribed by law (including extensions) for filing the federal income tax return of the Qualified Fund for the taxable year to which the excess contribution relates for withdrawals pursuant to Treas. Reg. §§1.468A5(c)(2) and 1.468A2(f)(2) and occurs on or before the later of the date prescribed by law (including extensions) for filing the federal income tax return of the Qualified Fund for the taxable year to which the excess contribution relates or the date that is thirty (30) days after the date that the Company receives the ruling amount for such taxable year for withdrawals pursuant to Treas. Reg. § 1.468A-3(j)(3). If the Company determines that withdrawal pursuant to this Section 4 is appropriate, the Company shall present a certificate so stating to the Trustee signed by

its Chairman of the Board, its President or one of its Vice Presidents and its Treasurer or an Assistant Treasurer, requesting such withdrawal. The certificate shall be substantially in the form attached as Exhibit C to the Agreement for transfers to the Nonqualified Fund as provided in Section 2.04 of the Agreement and substantially in the form of Exhibit D to the Agreement for withdrawals by the Company.

Section 5. Taxable Year/Tax Returns. The accounting and taxable year for a Qualified Fund shall be the taxable year of the Company for federal income tax purposes. If the taxable year of the Company shall change, the Company shall notify the Trustee of such change and the accounting and taxable year of the Qualified Fund must change to the taxable year of the Company as provided in Treas. Reg. §1.468A4(c)(1) or any corresponding future Treasury Regulation. The Company shall assist the Trustee in complying with any requirements under section 442 of the Code and Treas. Reg. §1.4421. The Company shall prepare, or cause to be prepared, any tax returns required to be filed by the Qualified Fund, and the Trustee shall sign and file such returns on behalf of the Qualified Fund. The Trustee shall cooperate with the Company in the preparation of such returns.

EXHIBIT "B"

CERTIFICATE FOR PAYMENT OF DECOMMISSIONING COSTS

[Name of Trustee],
as Trustee
[Address]

This Certificate is submitted pursuant to Section 2.02 of the Nuclear Decommissioning Trust Agreement, dated _____, between Mellon Bank, N.A. and AmerGen Energy Company, LLC (the "Company") (the "Agreement"). All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. In your capacity as Trustee, you are hereby authorized and requested to disburse out of the Funds to _____ the amount of $_____ from the Qualified Fund and the amount of $_____ from the Nonqualified Fund for the payment of the Decommissioning Costs which have been incurred with respect to the **Oyster Creek Nuclear Generating Station.** With respect to such Decommissioning Costs, the Company hereby certifies as follows:

1. The amount to be disbursed pursuant to this Certificate shall be solely used for the purpose of paying the Decommissioning Costs described in Schedule A hereto.

2. None of the Decommissioning Costs described in Schedule A hereto have previously been made the basis of any certificate pursuant to Section 2.02 of the Agreement.

3. The amount to be disbursed from the Qualified Fund pursuant to this Certificate shall be used solely for the purpose of paying Qualified Decommissioning Costs as defined in the Special Terms.

4. Any necessary authorizations of the NRC, or any corresponding governmental authority having jurisdiction over the decommissioning of the Unit have been obtained.

IN WITNESS WHEREOF, the undersigned have executed this Certificate in the capacity shown below as of _____, _____ .

AMERGEN ENERGY COMPANY, LLC

By: _____
Name:
Title:

MELLON BANK, N.A.

By: _____
Name:
Title:

EXHIBIT "C"

CERTIFICATE FOR TRANSFER BETWEEN THE QUALIFIED FUND AND THE NONQUALIFIED FUND

[Name of Trustee],
as Trustee

[Address]

This Certificate is submitted pursuant to Section 2.04 of the Nuclear Decommissioning Trust Agreement, dated _____, between Mellon Bank, N.A. (the "Trustee") and AmerGen Energy Company, LLC (the "Company") (the "Agreement"). All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. In your capacity as Trustee, you are hereby authorized and instructed as follows (complete one):

To pay $_____in cash from the Nonqualified Fund to the Qualified Fund; or

To pay $_____ in cash from the Qualified Fund to the Nonqualified Fund.

With respect to such payment, the Company hereby certifies as follows:

1. Any amount stated herein to be paid from the Nonqualified Fund to the Qualified Fund is in accordance with the contribution limitations applicable to the Qualified Fund set forth in Section 2 of the Special Terms and the limitations of Section 2.04 of the Agreement.

2. Any amount stated herein to be paid from the Qualified Fund to the Nonqualified Fund is in accordance with Section 4 of the Special Terms. The Company has determined that such payment is appropriate under the standards of Section 4 of the Special Terms.

IN WITNESS WHEREOF, the undersigned have executed this Certificate in the capacity as shown below as of _____, _____ .

AMERGEN ENERGY COMPANY, LLC

By: _____
Name:
Title:

MELLON BANK, N.A.

By: _____
Name:
Title:

EXHIBIT "D"

CERTIFICATE FOR WITHDRAWAL OF EXCESS CONTRIBUTIONS FROM QUALIFIED FUND

[Name of Trustee],
as Trustee

[Address]

This Certificate is submitted pursuant to Section 4 of the Special Terms attached as Exhibit A to the Nuclear Decommissioning Trust Agreement, dated _____, between Mellon Bank, N.A. (the "Trustee") and AmerGen Energy Company, LLC (the "Company") (the "Agreement"). All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. In your capacity as Trustee, you are hereby authorized and instructed to pay $_____ in cash to the Company from the Qualified Fund. With respect to such payment, the Company hereby certifies that withdrawal pursuant to Section 4 of the Special Terms is appropriate and that $_____ constitutes an excess contribution pursuant to such Section.

IN WITNESS WHEREOF, the undersigned have executed this Certificate in the capacity as shown below as of _____, _____ .

AMERGEN ENERGY COMPANY, LLC

By: _____
Name:
Title:

MELLON BANK, N.A.

By: _____
Name:
Title:

ENCLOSURE 8

CALCULATION OF NRC FORMULA AMOUNT FOR DECOMMISSIONING FUNDING FINANCIAL ASSURANCE FOR OYSTER CREEK (10 CFR § 50.75(c))

OYSTER CREEK
(1,930 MWt)
As of June 1999*

REACTOR TYPE / BASE COST

BWRs (1200MWt - 3400 MWt)
($104 + 0.009 P (in MWt))
($104 + 0.009 (1930))

$121,370,000

ESCALATION FACTOR

(0.65L + 0.13E + 0.22B)

	Labor	Energy (BWR)		Waste vendor
	Northeast regional data	E = (0.54P + 0.46F)		Barnwell (100%)
	Power		Fuel	
1999 x scaling factor / 1986	P = 1999 / 1986		F = 1999 / 1986	B = 6.968
141.5 x 1.555 / 130.5	130.5 / 114.2		52.6 / 82.0	
	1.14273	E = (0.54P + 0.46F)	0.64146	
		E = (0.54 x 1.14273)+(0.46 x 0.64146)		
1.68607		0.91215		6.968
(0.65L + 0.13E + 0.22B) = 0.65 x 1.68607		0.13 x 0.91215		0.22 x 6.968
(L + E + B) = 1.0959473	+	0.1185793	+	1.5329600

Escalation Factor = 2.74749

TOTAL ESCALATED COST

$121,370,000 x 2.74749

$ 333,462,451

*Preliminary data using waste vendor disposal

ENCLOSURE 9

PROJECTIONS OF EARNINGS CREDIT ON DECOMMISSIONING FUNDS USING 2% ANNUAL REAL RATE OF RETURN

Nuclear Decommissioning Funding Model Projections

Oyster Creek Nuclear Generating Station
(License Expires 04/09/2009)

Credit for 2% Real Rate of Return

Calendar Year	Contributions	Earnings	Balance	NRC Minimum	NRC Min. Status
1999			400,000,000	333,462,451	119.95%
2000	0	8,000,000	408,000,000	333,462,451	122.35%
2001	0	8,160,000	416,160,000	333,462,451	124.80%
2002	0	8,323,200	424,483,200	333,462,451	127.30%
2003	0	8,489,664	432,972,864	333,462,451	129.84%
2004	0	8,659,457	441,632,321	333,462,451	132.44%
2005	0	8,832,646	450,464,968	333,462,451	135.09%
2006	0	9,009,299	459,474,267	333,462,451	137.79%
2007	0	9,189,485	468,663,752	333,462,451	140.54%
2008	0	9,373,275	478,037,027	333,462,451	143.36%
2009-Apr.	0	2,390,185	480,427,213	333,462,451	144.07%

ENCLOSURE 10

AFFIRMATION

I, Gerald R. Rainey, being duly sworn, state that I am Chief Executive Officer and Chief Nuclear Officer of AmerGen Energy Company, LLC, (AmerGen), that I am authorized to sign and file this Application with the Nuclear Regulatory Commission on behalf of AmerGen, and that the statements made and the matters set forth herein pertaining to AmerGen are true and correct to the best of my knowledge, information, and belief.

AmerGen Energy Company, LLC

Gerald R. Rainey
Chief Executive Officer and
Chief Nuclear Officer

STATE OF Pennsylvania

COUNTY OF Chester

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 4th day of November, 1999.

My Commission Expires: _____

Notarial Seal
Carol A. Walton, Notary Public
Tredyffrin Twp., Chester County
My Commission Expires May 28, 2002
Member, Pennsylvania Association of Notaries

UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	Docket No. 50-219
GPU Nuclear Corporation	)	License No. DPR-16

CERTIFICATE OF SERVICE

This is to certify that a copy of GPU Nuclear and AmerGen's Application for Order and Conforming Administrative Amendments for License Transfer, including License Amendment Request No. 271, to the Facility Operating License and Technical Specifications for the Oyster Creek Nuclear Generating Station, filed with the U.S. Nuclear Regulatory Commission on November 5, 1999, has this day of November 5, 1999 been served on the Mayor of Lacey Township, Ocean County, New Jersey by deposit in the United States mail, addressed as follows:

The Honorable William J. Boehm
Mayor of Lacey Township
818 West Lacey Road
Forked River, NJ 08731

GPU NUCLEAR INC.

BY: T Gary Broughton

T. Gary Broughton
President and Chief Executive Officer

DATE: November 5, 1999

ENCLOSURE 11

AFFIRMATION

I, T. Gary Broughton, being duly sworn, state that I am the President and Chief Executive Officer of GPU Nuclear, Inc. (GPUN), that I am authorized to sign and file this Application with the Nuclear Regulatory Commission on behalf of GPUN, and that the statements made and the matters set forth herein pertaining to GPUN are true and correct to the best of my knowledge, information, and belief.

GPU Nuclear, Inc.

T. Gary Broughton
President & CEO

STATE OF New Jersey
COUNTY OF Morris

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 5th day of November, 1999.

My Commission Expires: 1/29/2001

CINDY S. JOHNSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 29, 2001

1-WA/1295616.6

ENCLOSURE 12

10 CFR § 2.790
AFFIDAVIT OF GERALD R. RAINEY

I, Gerald R. Rainey, Chief Executive Officer and Chief Nuclear Officer of AmerGen Energy Company, LLC (AmerGen), do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of AmerGen.

2. AmerGen is providing information in support of its "Application for Order and Conforming Administrative Amendments for License Transfer (NRC Facility Operating License Nos. DPR-16)." The Documents being provided in Enclosures 3A and 5A contain AmerGen's financial projections related to the continued operation of Oyster Creek and the commercial terms of a unique transaction. These documents constitute proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 CFR §§ 2.790(a)(4) and 9.17(a)(4), because:

   i. This information is and has been held in confidence by AmerGen.

   ii. This information is of a type that is held in confidence by AmerGen, and there is a rational basis for doing so because the information contains sensitive financial information concerning AmerGen's projected revenues and operating expenses.

   iii. This information is being transmitted to the NRC in confidence.

   iv. This information is not available in public sources and could not be gathered readily from other publicly available information.

   v. Public disclosure of this information would create substantial harm to the competitive position of AmerGen by disclosing AmerGen's internal financial projections and the commercial terms of a unique transaction to other parties whose commercial interests may be adverse to those of AmerGen.

3. Accordingly, AmerGen requests that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR §§ 2.790(a)(4) and 9.17(a)(4).

AmerGen Energy Company, LLC

Gerald R. Rainey
Chief Executive Officer &
Chief Nuclear Officer

STATE OF Pennsylvania

COUNTY OF Chester

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 4th day of November, 1999

Carol A. Walton

My Commission Expires: _____

Notarial Seal
Carol A. Walton, Notary Public
Tredyffrin Twp., Chester County
My Commission Expires May 28, 2002
Member, Pennsylvania Association of Notaries