SECURITIES AND EXCHANGE COMMISSION

FORM U-1/A

Application or declaration under the act 1935 [amend]

Filing Date: **1995-02-22**
SEC Accession No. 0000053456-95-000002

(HTML Version on secdatabase.com)

FILER

JERSEY CENTRAL POWER & LIGHT CO

CIK:**53456**| IRS No.: **210485010** | State of Incorp.:**NJ** | Fiscal Year End: **1231**
Type: **U-1/A** | Act: **35** | File No.: **070-08495** | Film No.: **95514251**
SIC: **4911** Electric services

Business Address
300 MADISON AVE
MORRISTOWN NJ 079621911
2014558200

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Amendment No. 1 to
SEC File No. 70-8495

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM U-1

APPLICATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935 ("Act")

JERSEY CENTRAL POWER & LIGHT COMPANY ("JCP&L")
300 Madison Avenue
Morristown, New Jersey 07962
(Name of company filing this statement and address
of principal executive office)

GENERAL PUBLIC UTILITIES CORPORATION ("GPU")
(Name of top registered holding company parent of applicant)

T.G. Howson, Vice President and
Treasurer
M. A. Nalewako, Secretary
GPU Service Corporation
100 Interpace Parkway
Parsippany, New Jersey 07054

Richard S. Cohen, Esq.,
Secretary
Jersey Central Power & Light
Company
300 Madison Avenue
Morristown, New Jersey 07962

Douglas E. Davidson, Esq.
Berlack, Israels & Liberman
120 West 45th Street
New York, New York 10036

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(Names and addresses of agents for service)

JCP&L hereby amends its Application on Form U-1, docketed in SEC File No. 70-8495, as follows:

1. By adding the following sentence at the end of Paragraph A of Item 1 thereof:

Prior to the closing of the sale of Preferred Securities, an officer of JCP&L will act as the sole limited partner of JCP&L Capital to satisfy the requirement under Delaware law that a limited partnership have at least one limited partner. Upon such closing, such individual limited partner will withdraw and the holder(s) of the Preferred Securities will become the limited partner(s) of JCP&L Capital.

2. By amending Item 2 thereof to read in its entirety as follows:

ITEM 2. FEES, COMMISSIONS AND EXPENSES.

The estimated fees, commissions and expenses expected to be incurred in connection with the proposed transactions are as follows:

Filing fees - Securities and Exchange Commission	$ 45,104
Printing and engraving	30,000
New York Stock Exchange listing fee	47,800
Legal fees:	
Berlack, Israels & Liberman	70,000
Richard S. Cohen, Esq.	15,000
Carter, Ledyard & Milburn	15,000

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Richards, Layton & Finger	10,000
Blue Sky fees and expenses	15,000
Accounting fees:	
Coopers & Lybrand	15,000
Indenture Trustee fees and expenses	20,000
Rating agencies fees and expenses	48,125
Miscellaneous	28,971
Total	$360,000

3. By filing the following exhibits in Item 6(a) thereof:

(a) Exhibits:

A-1 - Certificate of Incorporation of JCP&L Preferred Capital, Inc. (Investment Sub).

A-2 - Form of By-Laws of JCP&L Preferred Capital, Inc. (Investment Sub).

A-3 - Certificate of Limited Partnership of JCP&L Capital.

A-4 - Form of Limited Partnership Agreement of JCP&L Capital.

A-5 - Form of Amended and Restated Limited Partnership Agreement of JCP&L Capital.

A-6 - Form of Action creating initial series of Preferred Securities.

A-7 - Form of Preferred Securities certificate - Incorporated by reference to Exhibit A to Exhibit A-5 hereto.

A-8 - Form of Subordinated Debenture Indenture.

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A-9 - Form of Subordinated Debenture - Incorporated by reference to form of Subordinated Debenture included in Exhibit A-8 hereto.

A-10 - Form of demand promissory note from JCP&L to Investment Sub.

B-1 - Form of Payment and Guarantee Agreement.

D-1 - Copy of Petition filed by JCP&L with the NJBPU.

D-2 - Copy of relevant portion of the transcript of NJBPU Agenda Meeting held on February 8, 1995, at which the Petition was approved.

F-1 - Opinion of Berlack, Israels & Liberman.

F-2 - Opinion of Richard S. Cohen, Esq.

F-3 - Opinion of Richards, Layton & Finger.

SIGNATURE

PURSUANT TO THE REQUIREMENTS OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, THE UNDERSIGNED COMPANY HAS DULY CAUSED THIS STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED THEREUNTO DULY AUTHORIZED.

JERSEY CENTRAL POWER & LIGHT COMPANY

By: ________________________________
T. G. Howson, Vice President and Treasurer

Date: February 22, 1995

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EXHIBITS TO BE FILED BY EDGAR

Exhibits:

A-1 -	Certificate of Incorporation of JCP&L Preferred Capital, Inc. (Investment Sub).
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A-3 -	Certificate of Limited Partnership of JCP&L Capital.
A-4 -	Form of Limited Partnership Agreement of JCP&L Capital.
A-5 -	Form of Amended and Restated Limited Partnership Agreement of JCP&L Capital.
A-6 -	Form of Action creating initial series of Preferred Securities.
A-8 -	Form of Subordinated Debenture Indenture.
A-10 -	Form of demand promissory note from JCP&L to Investment Sub.
B-1 -	Form of Payment and Guarantee Agreement.
D-1 -	Copy of Petition filed by JCP&L with the NJBPU.
D-2 -	Copy of relevant portion of the transcript of NJBPU Agenda Meeting held on February 8, 1995, at which the Petition was approved.
F-1 -	Opinion of Berlack, Israels & Liberman.

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F-2 - Opinion of Richard S. Cohen, Esq.

F-3 - Opinion of Richards, Layton & Finger.

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Exhibit A-1

CERTIFICATE OF INCORPORATION

OF

JCP&L PREFERRED CAPITAL, INC.

It is hereby certified that:

FIRST: The name of the corporation (hereinafter called the "corporation") is JCP&L Preferred Capital, Inc.

SECOND: The address, including street, number, city and county, of the registered office of the corporation in the State of Delaware is 32 Loockerman Square, Suite L-100, City of Dover, County of Kent; and the name of the registered agent of the corporation in the State of Delaware at such address is The Prentice-Hall Corporation System, Inc.

THIRD: The nature of the business or purposes to be conducted or promoted by the corporation are as follows:

(1) To subscribe for and be a holder of general partner interests of JCP&L Capital, L.P., a limited partnership formed under the laws of the State of Delaware ("JCP&L Capital"), to be a general partner of JCP&L Capital and to discharge such duties and take any and all such actions as may be necessary, appropriate or desirable in such capacity as may from time to time be provided in JCP&L Capital's limited partnership agreement and applicable provisions of law.

(2) To issue and sell its capital stock in exchange for cash or other consideration to fund its acquisition of such general partner interests and to enable it to have sufficient net worth for JCP&L Capital to be treated as a partnership for federal income tax purposes, and/or to lend such cash or other consideration to the entity which acquires such capital stock.

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(3) The corporation shall not conduct any other business except with respect to and incident to the activities provided for in clauses (1) and (2) of this Article THIRD.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is one hundred (100) shares, all of which are without par value. All such shares are of one class and are shares of Common Stock.

FIFTH: The name and the mailing address of the incorporator are as follows:

NAME	MAILING ADDRESS
Terrance G. Howson	c/o GPU Service Corporation 100 Interpace Parkway Parsippany, New Jersey 07054

SIXTH: The corporation is to have perpetual existence.

SEVENTH: The personal liability of the directors of the corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection (b) of Section 102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented from time to time.

EIGHTH: Notwithstanding any other provision of law that may otherwise so empower the corporation, the corporation shall not, without the prior written consent of Jersey Central Power & Light Company, a New Jersey corporation, do any of the following:

(1) dissolve or liquidate, in whole or in part;

(2) merge or consolidate with, or sell all or substantially all of its assets to, any person, firm, corporation, partnership or other entity unless, in the case of a merger or consolidation, the surviving corporation in such merger or the corporation resulting from such consolidation shall have a certificate of incorporation containing provisions substantially identical to the

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provisions of Article THIRD and this Article EIGHTH and, in the case of a sale of assets, the acquiring corporation shall have assumed all of the liabilities and obligations of this corporation and shall have a certificate of incorporation containing provisions substantially identical to the provisions of Article THIRD and this Article EIGHTH;

(3) to the extent permitted by law, file or consent to or acquiesce in a petition seeking an order under the Federal Bankruptcy Code, as amended, make an assignment for the benefit of creditors or consent to or fail to contest the appointment of a custodian or receiver of all or any substantial part of its property, or file a petition or answer seeking, consenting to or acquiescing in the granting of relief under any other applicable bankruptcy, insolvency or similar law or statute of the United States of America or any state thereof;

(4) amend this Certificate of Incorporation to alter in any manner or delete Article THIRD or this Article EIGHTH; or

(5) incur any indebtedness.

NINTH: From time to time any of the provisions of this Certificate of Incorporation may, subject to the provisions of paragraph (4) of Article EIGHTH, be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the corporation by this Certificate of Incorporation are granted subject to the provisions of this Article NINTH.

TENTH: Unless and except to the extent that the By-Laws of the corportion so require, the election of directors of the corporation need not be by written ballot.

ELEVENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized and empowered to make, alter and repeal the By-Laws of the corporation, subject to the power of the stockholders of the corporation to alter or repeal any By-

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Laws made by the Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of February, 1995.

/s/ Terrance G. Howson
Terrance G. Howson
Sole Incorporator

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Exhibit A-2

JCP&L PREFERRED CAPITAL, INC.

By-Laws

(__________, 1995)

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BY-LAWS

Offices

1. The principal office of JCP&L PREFERRED CAPITAL, INC. (the "Corporation") shall be in Mellon Bank Center, Second Floor, 919 N. Market Street, Wilmington, DE 19801. The Corporation may also have offices at such other places as the Board of Directors may from time to time designate or the business of the Corporation may require.

Seal

2. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal" and "Delaware". If authorized by the Board of Directors, the corporate seal may be affixed to any certificates of stock, bonds, debentures, notes or other engraved, lithographed or printed instruments, by engraving, lithographing or printing thereon such seal or a facsimile thereof, and such seal or facsimile thereof so engraved, lithographed or printed thereon shall have the same force and

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effect, for all purposes, as if such corporate seal had been affixed thereto by indentation.

Stockholders' Meetings

3. All meetings of stockholders shall be held at the principal office of the Corporation or at such other place as shall be stated in the notice of the meeting. Such meetings shall be presided over by the chief executive officer of the

Corporation, or, in his absence, by such other officer as shall have been designated for the purpose by the Board of Directors, except when by statute the election of a presiding officer is required.

4. Annual meetings of stockholders shall be held during the month of May in each year on such day and at such time as shall be determined by the Board of Directors and specified in the notice of the meeting. At the annual meeting, the stockholders entitled to vote shall elect by ballot a Board of Directors and transact such other business as may properly be brought before the meeting.

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5. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the shares of stock of the Corporation issued and outstanding and entitled to vote, present in person or by proxy, shall be requisite for, and shall constitute a quorum at, any meeting of the stockholders. If, however, the holders of a majority of such shares of stock shall not be present or represented by proxy at any such meeting, the stockholders entitled to vote thereat, present in person or by proxy, shall have power, by vote of the holders of a majority of the shares of capital stock present or represented at the meeting, to adjourn the meeting from time to time without notice other than announcement at the meeting, until the holders of the amount of stock requisite to constitute a quorum, as aforesaid, shall be present in person or by proxy. At any adjourned meeting at which such quorum shall be present, in

person or by proxy, any business may be transacted which might have been transacted at the meeting as originally noticed.

6. At each meeting of stockholders each holder of record of shares of capital stock then entitled to vote shall be entitled to vote in person, or by proxy appointed by instrument executed in writing by such stockholders or by his duly

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authorized attorney; but no proxy shall be valid after the expiration of eleven months from the date of its execution unless the stockholder executing it shall have specified therein the length of time it is to continue in force, which shall be for some specified period. Except as otherwise provided by law or by the Certificate of Incorporation, each holder of record of shares of capital stock entitled to vote at any meeting of stockholders shall be entitled to one vote for every share of capital stock standing in his name on the books of the Corporation. Shares of capital stock of the Corporation belonging to the Corporation or to a corporation if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. All elections shall be determined by a plurality vote, and, except as otherwise provided by law or by the Certificate of Incorporation all other matters shall be determined by a vote of the holders of a majority of the shares of the capital stock present or represented at a meeting and voting on such questions.

7. A complete list of the stockholders entitled to vote

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at any meeting of stockholders, arranged in alphabetical order, with the residence of each, and the number of shares held by each, shall be prepared by the Secretary and filed in the principal office of the Corporation at least ten days before the meeting, and shall be open to the examination of any stockholder at all times prior to such meeting, during the usual hours for business, and shall be available at the time and place of such meeting and open to the examination of any stockholder.

8. Special meetings of the stockholders for any purpose or purposes, unless otherwise prescribed by law, may be called by the Chairman or by the President, and shall be called by the chief executive officer or Secretary at the request in writing of any three members of the Board of Directors, or at the request in writing of holders of record of ten percent of the shares of capital stock of the Corporation issued and outstanding. Business transacted at all special meetings of the stockholders shall be confined to the purposes stated in the call.

9. Notice of every meeting of stockholders, setting forth the time and the place and briefly the purpose or purposes thereof, shall be mailed, not less than ten nor more than sixty days prior to such meeting, to each stockholder of record (at his address appearing on the stock books of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices intended for him be mailed to some

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other address, in which case it shall be mailed to the address

designated in such request) as of a date fixed by the Board of Directors pursuant to Section 41 of the By-Laws. Except as otherwise provided by law, the Certificate of Incorporation or the By-Laws, items of business, in addition to those specified in the notice of meeting, may be transacted at the annual meeting.

Directors

10. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors, which shall consist of not less than one nor more than nine directors as shall be fixed from time to time by a resolution adopted by a majority of the entire Board of Directors; provided, however, that no decrease in the number of directors constituting the entire Board of Directors shall shorten the term of any incumbent director. Each director shall be at least twenty-one years of age. Directors need not be stockholders of the Corporation. Directors shall be elected at the annual meeting of stockholders, or, if any such election shall not be held, at a stockholders' meeting called and held in accordance with the provisions of the General Corporation Law of the State of Delaware. Each director shall serve until the next annual

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meeting of stockholders and thereafter until his successor shall have been elected and shall qualify or until his earlier death, resignation or removal.

11. In addition to the powers and authority by the By-Laws expressly conferred upon it, the Board of Directors may exercise all such powers of the Corporation and do all such

lawful acts and things as are not by law or by the Certificate of Incorporation, or by the By-Laws directed or required to be exercised or done by the stockholders.

12. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or

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transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the

presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

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Meetings of the Board of Directors

13. The first meeting of the Board of Directors, for the purpose of organization, the election of officers, and the

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transaction of any other business which may come before the meeting, shall be held on call of the President within one week after the annual meeting of stockholders. If the President shall fail to call such meeting, it may be called by the Vice President or by any director. Notice of such meeting shall be given in the manner prescribed for Special Meetings of the Board of Directors.

14. Regular meetings of the Board of Directors may be held without notice except for the purpose of taking action on matters as to which notice is in the By-Laws required to be given, at such time and place as shall from time to time be designated by the Board, but in any event at intervals of not more than three months. Special meetings of the Board of Directors may be called by the President or in the absence or disability of the President, by a Vice President, or by any two directors, and may be held at the time and place designated in the call and notice of the meeting.

15. Except as otherwise provided by the By-Laws, any item of business may be transacted at any meeting of the Board of Directors, whether or not such item of business shall have been specified in the notice of meeting. Where notice of any meeting of the Board of Directors is required to be given by the By-Laws, the Secretary or other officer performing his duties shall give notice either personally or by telephone or telecopy at least

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twenty-four hours before the meeting, or by mail at least three days before the meeting. Meetings may be held at any time and place without notice if all the directors are present or if those not present waive notice in writing either before or after the meeting.

16. At all meetings of the Board of Directors a majority of the directors in office shall be requisite for, and shall constitute, a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or by the Certificate of Incorporation, as amended, or by the By-Laws.

17. Any regular or special meeting may be adjourned to any time or place by a majority of the directors present at the meeting, whether or not a quorum shall be present at such meeting, and no notice of the adjourned meeting shall be required other than announcement at the meeting.

Committees

18. The Board of Directors may, by the vote of a majority

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of the directors in office, create an Executive Committee, consisting of two or more members, of whom one shall be the chief executive officer of the Corporation. The other members of the Executive Committee shall be designated by the Board of Directors from their number, shall hold office for such period as the Board of Directors shall determine and may be removed at any time by

the Board of Directors. When a member of the Executive Committee ceases to be a director, he shall cease to be a member of the Executive Committee. Except as otherwise provided by applicable law, the Executive Committee shall have all the powers specifically granted to it by the By-Laws and, between meetings of the Board of Directors, may also exercise all the powers of the Board of Directors. The Executive Committee shall have no power to revoke any action taken by the Board of Directors, and shall be subject to any restriction imposed by law, by the By-Laws, or by the Board of Directors.

19. The Executive Committee shall cause to be kept regular minutes of its proceedings, which may be transcribed in the regular minute book of the Corporation, and all such proceedings shall be reported to the Board of Directors at its next succeeding meeting. A majority of the Executive Committee

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shall constitute a quorum at any meeting. The Board of Directors may by vote of a majority of the total number of directors provided for in Section 10 of the By-Laws fill any vacancies in the Executive Committee. The Executive Committee shall designate one of its number as Chairman of the Executive Committee and may, from time to time, prescribe rules and regulations for the calling and conduct of meetings of the Committee, and other matters relating to its procedure and the exercise of its powers.

20. From time to time the Board of Directors may appoint any other committee or committees for any purpose or purposes, which committee or committees shall have such powers and such

tenure of office as shall be specified in the resolution of appointment. The President of the Corporation shall be a member ex officio of all committees of the Board.

Compensation and Reimbursement of Directors
and Members of the Executive Committee

21. Directors, other than salaried officers of the Corporation or its affiliates, shall receive compensation and benefits for their services as directors, at such rate or under such conditions as shall be fixed from time to time by the Board,

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and all directors shall be reimbursed for their reasonable expenses, if any, of attendance at each regular or special meeting of the Board of Directors.

22. Directors, other than salaried officers of the Corporation or its affiliates, who are members of any committee of the Board, shall receive compensation for their services as such members as shall be fixed from time to time by the Board, and all directors shall be reimbursed for their reasonable expenses, if any, in attending meetings of the Executive Committee or such other Committees of the Board and of otherwise performing their duties as members of such Committees.

Officers

23. The officers of the Corporation shall be chosen by a vote of a majority of the directors in office and shall be a President and a Secretary and, in the discretion of the Board of Directors, one or more Vice Presidents, a Treasurer, and a

Comptroller, one or more Assistant Secretaries, one or more Assistant Treasurers, and one or more Assistant Comptrollers. The President shall be the chief executive officer of the Corporation. The President shall be chosen from among the

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directors. Neither the Comptroller nor any Assistant Comptroller may occupy any other office. With the above exceptions, any two or more offices may be occupied and the duties thereof may be performed by one person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

24. The salary and other compensation of the chief executive officer of the Corporation shall be determined from time to time by the Board of Directors. The salaries and other compensation of all other officers of the Corporation shall be determined from time to time by the President.

25. The salary or other compensation of all employees other than officers of the Corporation shall be fixed by the President of the Corporation or by such other officer as shall be designated for that purpose by the Board of Directors.

26. The Board of Directors may appoint such officers and such representatives or agents as shall be deemed necessary, who shall hold office for such terms, exercise such powers, and perform such duties as shall be determined from time to time by the Board of Directors.

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27. The officers of the Corporation shall hold office until the first meeting of the Board of Directors after the next succeeding annual meeting of stockholders and until their respective successors are chosen and qualify or until their earlier death, resignation or removal. Any officer elected pursuant to Section 23 of the By-Laws may be removed at any time, with or without cause, by the vote of a majority of the directors in office. Any other officer and any representative, employee or agent of the Corporation may be removed at any time, with or without cause, by action of the Board of Directors, by the Executive Committee, or the President of the Corporation, or such other officer as shall have been designated for that purpose by the President of the Corporation.

The President

29. (a) The President shall preside at all meetings of the Board at which he shall be present.

(b) The President of the Corporation:

(i) shall have supervision, direction and control of the conduct of the business of the Corporation, subject, however, to the control of the Board of

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Directors and the Executive Committee if there be one;

(ii) may sign in the name and on behalf of the Corporation any and all contracts, agreements or

other instruments pertaining to matters which arise in the ordinary course of business of the Corporation, and, when authorized by the Board of Directors or the Executive Committee, if there be one, may sign in the name and on behalf of the Corporation any and all contracts, agreements, or other instruments of any nature pertaining to the business of the Corporation;

(iii) may, unless otherwise directed by the Board of Directors pursuant to Section 38 of the By-Laws, attend in person or by substitute or proxy appointed by him and act and vote on behalf of the Corporation at all meetings of the stockholders of any corporation in which the Corporation holds stock and grant any consent, waiver, or power of attorney in respect of such stock;

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(iv) shall, whenever it may in his opinion be necessary or appropriate, prescribe the duties of officers and employees of the Corporation whose duties are not otherwise defined; and

(v) shall have such other powers and perform such other duties as may be prescribed from time to time by law, by the By-Laws, or by the Board of Directors.

Vice President

30. (a) The Vice President shall, in the absence or disability of the President, have supervision, direction and control of the conduct of the business of the Corporation, subject, however, to the control of the Directors and the Executive Committee, if there be one.

(b) He may sign in the name of and on behalf of the Corporation any and all contracts, agreements or other instruments pertaining to matters which arise in the ordinary course of business of the Corporation, and when authorized by the

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Board of Directors or the Executive Committee, if there be one, except in cases where the signing thereof shall be expressly delegated by the Board of Directors or the Executive Committee to some other officer or agent of the Corporation.

(c) He may, at the request or in the absence or disability of the President or in case of the failure of the President to appoint a substitute or proxy as provided in Subsection 29(b)(iii) of the By-Laws, unless otherwise directed by the Board of Directors pursuant to Section 38 of the By-Laws, attend in person or by substitute or proxy appointed by him and act and vote on behalf of the Corporation at all meetings of the stockholders of any corporation in which the Corporation holds stock and grant any consent, waiver or power of attorney in respect of such stock.

(d) He shall have such other powers and perform such other duties as may be prescribed from time to time by law, by the By-Laws, or by the Board of Directors.

(e) If there be more than one Vice President, the

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Board of Directors may designate one or more of such Vice Presidents as an Executive Vice President or a Senior Vice President. The Board of Directors may assign to such Vice Presidents their respective duties and may designate the order in which the respective Vice Presidents shall have supervision, direction and control of the business of the Corporation in the absence or disability of the President.

The Secretary

31. (a) The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in books to be kept for that purpose; and he shall perform like duties for the Executive Committee and any other committees created by the Board of Directors.

(b) He shall give, or cause to be given, notice of all meetings of the stockholders, the Board of Directors, or the Executive Committee of which notice is required to be given by law or by the By-Laws.

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(c) He shall have such other powers and perform such other duties as may be prescribed from time to time by law, by the By-Laws, or the Board of Directors.

(d) Any records kept by the Secretary shall be the property of the Corporation and shall be restored to the Corporation in case of his death, resignation, retirement or removal from office.

(e) He shall be the custodian of the seal of the Corporation and, pursuant to Section 45 of the By-Laws and in other instances where the execution of documents on behalf of the Corporation is authorized by the By-Laws or by the Board of Directors, may affix the seal to all instruments requiring it and attest the ensealing and the execution of such instruments.

(f) He shall have control of the stock ledger, stock certificate book and all books containing minutes of any meeting of the stockholders, Board of Directors, or Executive Committee or other committee created by the Board of Directors, and of all formal records and documents relating to the corporate affairs of the Corporation.

(g) Any Assistant Secretary or Assistant Secretaries shall assist the Secretary in the performance of his duties,

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shall exercise his powers and duties at his request or in his absence or disability, and shall exercise such other powers and duties as may be prescribed by the Board of Directors.

The Treasurer

32. (a) The Treasurer shall be responsible for the safekeeping of the corporate funds and securities of the Corporation, and shall maintain and keep in his custody full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall deposit all moneys and other funds of the Corporation in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Directors.

(b) He shall disburse the funds of the Corporation in such manner as may be ordered by the Board of Directors, taking proper vouchers for such disbursements.

(c) Pursuant to Section 45 of the By-Laws, he may, when authorized by the Board of Directors, affix the seal to all instruments requiring it and shall attest the ensealing and execution of said instruments.

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(d) He shall exhibit at all reasonable times his accounts and records to any director of the Corporation upon application during business hours at the office of the Corporation where such accounts and records are kept.

(e) He shall render an account of all his transactions as Treasurer at all regular meetings of the Board of Directors, or whenever the Board may require it, and at such

other times as may be requested by the Board or by any director of the Corporation.

(f) If required by the Board of Directors, he shall give the Corporation a bond, the premium on which shall be paid by the Corporation, in such form and amount and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office, and for the restoration to the Corporation in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

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(g) He shall perform all duties generally incident to the office of Treasurer, and shall have other powers and duties as from time to time may be prescribed by law, by the By-Laws, or by the Board of Directors.

(h) Any Assistant Treasurer or Assistant Treasurers shall assist the Treasurer in the performance of his duties, shall exercise his powers and duties at his request or in his absence or disability, and shall exercise such other powers and duties as may be prescribed by the Board of Directors. If required by the Board of Directors, any Assistant Treasurer shall give the Corporation a bond, the premium on which shall be paid by the Corporation, similar to that which may be required to be given by the Treasurer.

Comptroller

33. (a) The Comptroller of the Corporation shall be the principal accounting officer of the Corporation and shall be accountable and report directly to the Board of Directors. If required by the Board of Directors, the Comptroller shall give the Corporation a bond, the premium on which shall be paid by the Corporation in such form and amount and with such surety or

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sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office.

(b) He shall keep or cause to be kept full and complete books of account of all operations of the Corporation and of its assets and liabilities.

(c) He shall have custody of all accounting records of the Corporation other than the record of receipts and disbursements and those relating to the deposit or custody of money or securities of the Corporation, which shall be in the custody of the Treasurer.

(d) He shall exhibit at all reasonable times his books of account and records to any director of the Corporation upon application during business hours at the office of the Corporation where such books of account and records are kept.

(e) He shall render reports of the operations and business and of the condition of the finances of the Corporation at regular meetings of the Board of Directors, and at such other

times as he may be requested by the Board or any director of the

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Corporation, and shall render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(f) He shall receive and keep in his custody an original copy of each written contract made by or on behalf of the Corporation.

(g) He shall receive periodic reports from the Treasurer of the Corporation of all receipts and disbursements, and shall see that correct vouchers are taken for all disbursements for any purpose.

(h) He shall perform all duties generally incident to the office of Comptroller, and shall have such other powers and duties as from time to time may be prescribed by law, by the By-Laws, or by the Board of Directors.

(i) Any Assistant Comptroller or Assistant Comptrollers shall assist the Comptroller in the performance of his duties, shall exercise his powers and duties at his request or in his absence or disability and shall exercise such other powers and duties as may be conferred or required by the Board of Directors. If required by the Board of Directors, any Assistant Comptroller shall give the Corporation a bond, the premium on which shall be paid by the Corporation, similar to that which may

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be required to be given by the Comptroller.

Vacancies

34. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, or otherwise, the remaining directors, by the vote of a majority of those then in office at a meeting, the notice of which shall have specified the filling of such vacancy as one of its purposes may choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurs. If the office of any officer of the Corporation shall become vacant for any reason, the Board of Directors, at a meeting, the notice of which shall have specified the filling of such vacancy as one of its purposes, may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Pending action by the Board of Directors at such meeting, the Board of Directors or the Executive Committee may choose a successor temporarily to serve as an officer of the Corporation.

Resignations

35. Any officer or any director of the Corporation may resign at any time, such resignation to be made in writing and

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transmitted to the Secretary. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Nothing herein shall be deemed to relieve any officer from liability for breach of any contract of employment resulting from any such resignation.

Duties of Officers May be Delegated

36. In case of the absence or disability of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board, by vote of a majority of the total number of directors provided for in Section 10 of the By-Laws may, notwithstanding any provisions of the By-Laws, delegate or assign, for the time being, the powers or duties, or any of them, of such officer to any other officer or to any director.

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Indemnification of Directors, Officers and Employees

37. (a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation or otherwise ("proceeding"), by reason of the fact that he was a director, officer or employee of the Corporation

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(and may indemnify any person who was an agent of the Corporation), or a person serving at the request of the Corporation as a director, officer, partner, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, to the fullest extent permitted by law, including without limitation indemnification against expenses (including attorneys' fees and disbursements), damages, punitive damages, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding to the fullest extent permitted by applicable law.

(b) The Corporation shall pay the expenses (including attorneys' fees and disbursements) actually and reasonably incurred in defending a proceeding on behalf of any person entitled to indemnification under subsection (a) in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation, and may pay such

expenses in advance on behalf of any agent on receipt of a similar undertaking. The financial ability of such person to

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make such repayment shall not be a prerequisite to the making of an advance.

(c) For purposes of this Section: (i) the Corporation shall be deemed to have requested an officer, director, employee or agent to serve as fiduciary with respect to an employee benefit plan where the performance by such person of duties to the Corporation also imposes duties on, or otherwise involves services by, such person as a fiduciary with respect to the plan; (ii) excise taxes assessed with respect to any transaction with an employee benefit plan shall be deemed "fines"; and (iii) action taken or omitted by such person with respect to any employee benefit plan in the performance of duties for a purpose reasonably believed to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Corporation.

(d) To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon

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such other terms and conditions as the Board of Directors shall deem appropriate.

(e) All rights of indemnification under this Section shall be deemed a contract between the Corporation and the person entitled to indemnification under this Section pursuant to which the Corporation and each such person intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not limit, but may expand, any rights or obligations in respect of any proceeding whether commenced prior to or after such change to the extent such proceeding pertains to actions or failures to act occurring prior to such change.

(f) The indemnification, as authorized by this Section, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, agreement, vote of shareholder, or disinterested directors or otherwise, both as to action in an official capacity and as to action in any other capacity while holding such office. The indemnification and advancement of expenses provided by, or granted pursuant to, this

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Section shall continue as to a person who has ceased to be an officer, director, employee or agent in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors and administrators of such person.

Stock of Other Corporations

38. The Board of Directors may authorize any director, officer or other person on behalf of the Corporation to attend, act and vote at meetings of the stockholders of any corporation in which the Corporation shall hold stock, and to exercise thereat any and all of the rights and powers incident to the ownership of such stock and to execute waivers of notice of such meetings and calls therefor.

Certificate of Stock

39. The certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and may include his address. No fractional shares of stock shall be issued. Certificates of stock shall be signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary,

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and shall be sealed with the seal of the Corporation. Where any certificate of stock is signed by a transfer agent or transfer clerk, who may be but need not be an officer or employee of the Corporation, and by a registrar, the signature of any such President, Vice President, Secretary, Assistant Secretary, Treasurer, or Assistant Treasurer upon such certificate who shall have ceased to be such before such certificate of stock is issued, it may be issued by the Corporation with the same effect as if such officer had not ceased to be such at the date of its issue.

Transfer of Stock

40. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by attorney, lawfully constituted in writing, and upon surrender of the certificate therefor.

Fixing of Record Date

41. The Board of Directors is hereby authorized to fix a time, not exceeding fifty (50) days preceding the date of any meeting of stockholders or the date fixed for the payment of any dividend or the making of any distribution, or for the delivery

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of evidences of rights or evidences of interests arising out of any change, conversion or exchange of capital stock, as a record time for the determination of the stockholders entitled to notice of and to vote at such meeting or entitled to receive any such dividend, distribution, rights or interests as the case may be; and all persons who are holders of record of capital stock at the time so fixed and no others, shall be entitled to notice of and to vote at such meeting, and only stockholders of record at such time shall be entitled to receive any such notice, dividend, distribution, rights or interests.

Registered Stockholders

42. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not it shall have express or

other notice thereof, save as expressly provided by statutes of the State of Delaware.

Lost Certificates

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43. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact, whereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost or destroyed; provided, however, that the Board of Directors may require, as a condition to the issuance of a new certificate, the payment of the reasonable expenses of such issuance or the furnishing of a bond of indemnity in such form and amount and with such surety or sureties, or without surety, as the Board of Directors shall determine, or both the payment of such expenses and the furnishing of such bond, and may also require the advertisement of such loss in such manner as the Board of Directors may prescribe.

Inspection of Books

44. The Board of Directors may determine whether and to what extent, and at what time the places and under what conditions and regulations, the accounts and books of the Corporation (other than the books required by statute to be open to the inspection of stockholders), or any of them, shall be open to the inspection of stockholders, and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as such right may be conferred by statutes of

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the State of Delaware or by the By-Laws or by resolution of the Board of Directors or of the stockholders.

Checks, Notes, Bonds and Other Instruments

45. (a) All checks or demands for money and notes of the Corporation shall be signed by such person or persons (who may but need not be an officer of officers of the Corporation) as the Board of Directors may from time to time designate, either directly or through such officers of the Corporation as shall, by resolution of the Board of Directors, be authorized to designate such person or persons. If authorized by the Board of Directors, the signatures of such persons, or any of them, upon any checks for the payment of money may be made by engraving, lithographing or printing thereon a facsimile of such signatures, in lieu of actual signatures, and such facsimile signatures so engraved, lithographed or printed thereon shall have the same force and effect as if such persons had actually signed the same.

(b) All bonds, mortgages and other instruments requiring a seal, when required in connection with matters which arise in the ordinary course of business or when authorized by the Board of Directors, shall be executed on behalf of the Corporation by the President or a Vice President, and the seal of

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the Corporation shall be thereupon affixed by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, who shall, when required, attest the ensealing and execution of said instrument. If authorized by the Board of Directors, a facsimile of the seal may be employed and such facsimile of the

seal may be engraved, lithographed or printed and shall have the same force and effect as an impressed seal. If authorized by the Board of Directors, the signatures of the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or Assistant Treasurer upon any engraved, lithographed or printed bonds, debentures, notes or other instruments may be made by engraving, lithographing or printing thereon a facsimile of such signatures, in lieu of actual signatures, and such facsimile signatures so engraved, lithographed or printed thereon shall have the same force and effect as if such officers had actually signed the same. In case any officer who has signed, or whose facsimile signature appears on, any such bonds, debentures, notes or other instruments shall cease to be such officer before such bonds, debentures, notes or other instruments shall have been delivered by the Corporation, such bonds, debentures, notes or other instruments may nevertheless be adopted by the Corporation and be issued and delivered as though the person who

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signed the same, or whose facsimile signature appears thereon, had not ceased to be such officer of the Corporation.

Receipts for Securities

46. All receipts for stocks, bonds or other securities received by the Corporation shall be signed by the Treasurer or an Assistant Treasurer, or by such other person or persons as the Board of Directors or Executive Committee shall designate.

Fiscal Year

47. The fiscal year shall begin the first day of January in each year.

Dividends

48. (a) Dividends in the form of cash or securities, upon the capital stock of the Corporation, to the extent permitted by law may be declared by the Board of Directors at any regular or special meeting.

(b) The Board of Directors shall have power to fix and determine, and from time to time to vary, the amount to be

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reserved as working capital; to determine whether any, and if any, what part of any, surplus of the Corporation shall be declared as dividends; to determine the date or dates for the declaration and payment or distribution of dividends; and, before payment of any dividend or the making of any distribution to set aside out of the surplus of the Corporation such amount or amounts as the Board of Directors from time to time, in its absolute discretion, may think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for such other purpose as it shall deem to be in the interest of the Corporation.

Directors' Annual Statement

49. The Board of Directors shall upon request present or cause to be presented at each annual meeting of stockholders, and when called for by vote of the stockholders at any special

meeting of the stockholders, a full and clear statement of the business and condition of the Corporation.

Notices

50. (a) Whenever under the provisions of the By-Laws

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notice is required to be given to any director, officer of stockholder, it shall not be construed to require personal notice, but, except as otherwise specifically provided, such notice may be given in writing, by mail, by depositing a copy of the same in the U.S. mail, postage prepaid, addressed to such stockholder, officer or director, at his address as the same appears on the books of the Corporation.

(b) A stockholder, director or officer may waive in writing any notice required to be given to him by law or by the By-Laws.

Participation in Meetings by Telephone

51. At any meeting of the Board of Directors or the Executive Committee or any other committee designated by the Board of Directors, one or more directors may participate in such meeting in lieu of attendance in person by means of the conference telephone or similar communications equipment by means of which all persons participating in the meeting will be able to hear and speak.

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Oath of Judges of Election

52. The judges of election appointed to act at any meeting of the stockholders shall, before entering upon the discharge of their duties, be sworn faithfully to execute the duties of judge at such meeting with strict impartiality and according to the best of their ability.

Amendments

53. The By-Laws may be altered or amended by the affirmative vote of the holders of a majority of the capital stock represented and entitled to vote at a meeting of the stockholders duly held, provided that the notice of such meeting shall have included notice of such proposed amendment. The By-Laws may also be altered or amended by the affirmative vote of a majority of the directors in office at a meeting of the Board of Directors, the notice of which shall have included notice of the proposed amendment. In the event of the adoption, amendment, or repeal of any By-Law by the Board of Directors pursuant to this Section, there shall be set forth in the notice of the next meeting of stockholders for the election of directors the By-Law so adopted, amended, or repealed together with a concise statement of the changes made. By the affirmative vote of the holders of a majority of the capital stock represented and entitled to vote at such meeting, the By-Laws may, without further notice, be altered or amended by amending or repealing such action by the Board of Directors.

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Exhibit A-3

CERTIFICATE OF LIMITED PARTNERSHIP

OF

JCP&L CAPITAL, L.P.

This Certificate of Limited Partnership of JCP&L Capital, L.P. (the "Partnership") is being duly executed and filed by the undersigned general partner of the Partnership for the purpose of forming a limited partnership pursuant to the Delaware Revised Uniform Limited Partnership Act.

1. The name of the Partnership is JCP&L Capital, L.P.

2. The address of the registered office of the Partnership in Delaware is 32 Loockerman Square, Suite L-100, Dover, Kent County, Delaware 19904. The Partnership's registered agent at that address is The Prentice-Hall Corporation System, Inc.

3. The name and mailing address of the sole general partner of the Partnership are:

NAME	ADDRESS
JCP&L Preferred Capital, Inc.	Second Floor 919 N. Market Street Wilmington, Delaware 19801

IN WITNESS WHEREOF, the undersigned, constituting the sole general partner of the Partnership, has caused this Certificate of Limited Partnership to be duly executed as of the 21st day of February, 1995.

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JCP&L PREFERRED CAPITAL, INC.,
as General Partner

By: /s/ Dennis Baldassari

Name: Dennis Baldassari
Its President

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Exhibit A-4

LIMITED PARTNERSHIP

AGREEMENT

OF

JCP&L CAPITAL, L.P.

The undersigned General Partner and Initial Limited Partner (jointly, the "Partners") hereby form a limited partnership pursuant to and in accordance with the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 17-101, et seq.) (the "Delaware Act"), and hereby agree as follows:

1. Name. The name of the limited partnership formed hereby is JCP&L CAPITAL, L.P. (the "Partnership").

2. Purpose. The purpose and business of the Partnership shall be to engage in any lawful activity for which limited partnerships may be organized under the Delaware Act.

3. Registered Office. The registered office of the Partnership in the State of Delaware is 32 Loockerman Square, Suite L-100, City of Dover, County of Kent.

4. Registered Agent. The name and address of the

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registered agent of the Partnership for service of process on the Partnership in the State of Delaware is The Prentice-Hall Corporation System, Inc., 32 Loockerman Square, Suite L-100, City of Dover, County of Kent, Delaware.

5. Partners. The names and mailing addresses of the General Partner and the Initial Limited Partner are as follows:

General Partner:	JCP&L Preferred Capital, Inc. Second Floor 919 N. Market Street Wilmington, Delaware 19801
Initial Limited Partner:	Terrance G. Howson c/o GPU Service Corporation 100 Interpace Parkway Parsippany, New Jersey 07054

6. Powers. The powers of the General Partner include all powers, statutory and otherwise, possessed by general partners under the laws of the State of Delaware.

7. Dissolution. The Partnership shall dissolve, and its affairs shall be wound up, on May 1, 2060 or at such earlier time as (a) all of the partners of the Partnership approve in writing, (b) an event of withdrawal of a general partner has occurred under the Delaware Act, or (c) an entry of a decree of judicial dissolution has occurred under Section 17-802 of the Delaware Act; provided, however, the Partnership shall not be dissolved or required to be wound up upon an event of withdrawal of a general partner described in Section 7(b) if (i) at the time of such

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event of withdrawal, there is at least one (1) other general partner of the Partnership who carries on the business of the Partnership (any remaining general partner being hereby authorized to carry on the business of the Partnership), or (ii) within ninety (90) days after the occurrence of such event of withdrawal, a majority in interest of the remaining partners (or such greater percentage as is required by the Delaware Act) agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of the event of withdrawal, of one (1) or more additional general partners of the Partnership.

8. Capital Contributions. The Partners have contributed the following amounts, in cash, property or services rendered, or in a promissory note or other obligation to contribute cash or to perform services:

General Partner $99.00

Initial Limited Partner . . . . $ 1.00

9. Allocations of Profit and Losses. The Partnership's profits and losses shall be allocated in proportion to the capital contributions of the Partners which shall be reflected in a capital account for each of the Partners.

10. Distributions. Distributions to the Partners shall

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be in the same proportion as their then capital account balances.

11. Assignments.

(a) The Initial Limited Partner may transfer all or any part of his partnership interest only with the consent of the General Partner, and any transferee may be admitted as a substitute limited partner of the Partnership only with the consent of the General Partner, whose consent in either case may be withheld in the sole discretion of the General Partner.

(b) The General Partner may transfer all or any part of its partnership interest without the consent of the Initial Limited Partner, and such transferee shall have all the rights and powers of the General Partner.

12. Withdrawal. Except as provided in Sections 11 and 13, no right is given to the Initial Limited Partner to withdraw from the Partnership. The General Partner may withdraw from the Partnership without the consent of the Initial Limited Partner,

but no such withdrawal shall be effective until the filing with the Secretary of State of the State of Delaware of an amendment to the Partnership's Certificate of Limited Partnership naming a successor general partner of the Partnership.

13. Additional Partners.

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(a) The General Partner may admit additional limited partners of the Partnership. Immediately following the admission of one or more additional limited partners of the Partnership, the Initial Limited Partner shall withdraw from the Partnership and shall be entitled to receive forthwith the return of its capital contribution, without interest or deduction.

(b) The Partnership shall continue as a limited partnership under the Delaware Act after the admission of any additional limited partners of the Partnership pursuant to this Section 13.

(c) The admission of additional limited partners of the Partnership pursuant to this Section 13 may be accomplished by the amendment and restatement of this Limited Partnership Agreement and, if required by the Delaware Act, the filing of an amendment and/or restatement to the Partnership's Certificate of Limited Partnership with the Secretary of State of the State of Delaware.

14. Merger. The approval of the Initial Limited Partner shall not be required with respect to any merger of an entity into the Partnership.

IN WITNESS WHEREOF, the undersigned have duly executed this Limited Partnership Agreement as of February , 1995.

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GENERAL PARTNER:

JCP&L PREFERRED CAPITAL, INC.,
a Delaware corporation

By:_____________________________
Name: Dennis Baldassari
President

INITIAL LIMITED PARTNER:

____
TERRANCE G. HOWSON

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Exhibit A-5

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF JCP&L CAPITAL, L.P.

This AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT, dated as of _______, 1995, of JCP&L Capital, L.P., a Delaware limited partnership (the "Partnership") is made by and among JCP&L Preferred Capital, Inc., as General Partner, Terrance G. Howson, as Class A Limited Partner, and the Persons (as defined below) who become limited partners of the Partnership in accordance with the provisions hereof.

WHEREAS, JCP&L Preferred Capital, Inc. and Terrance G. Howson have heretofore formed a limited partnership pursuant to the Delaware Act (as defined below), by filing a Certificate of Limited Partnership (as defined below) with the Secretary of State of the State of Delaware on _________, 1995, and entering into a Limited Partnership Agreement of the Partnership dated as of _______, 1995 (the "Limited Partnership Agreement"); and

WHEREAS, the parties hereto desire to continue the Partnership as a limited partnership under the Delaware Act and to amend and restate the original Limited Partnership Agreement in its entirety.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree to amend and restate the Limited Partnership Agreement in its entirety as follows:

ARTICLE I - Definitions

For purposes of this Agreement, each of the following terms shall have the meaning set forth below (such meaning to be equally applicable to both singular and plural forms of the terms so defined).

"Action" shall have the meaning set forth in Section 13.01.(b).

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"Additional Amounts" shall have the meaning set forth in Section 13.01(b)(ix).

"Affiliate" shall mean, with respect to the Person to which it refers, a Person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such subject Person.

"Agreement" shall mean this Amended and Restated Limited Partnership Agreement, as amended, modified, supplemented or restated from time to time, including, without limitation, by any Action establishing a series of Preferred Partner Interests.

"Book Entry Interests" shall mean a beneficial interest in the Certificates, ownership and transfers of which shall be made through book entries by a Clearing Agency as described in Section 14.04.

"Business Day" shall mean any day other than a day on which banking institutions in The City of New York are authorized or required by law to close.

"Capital Account" shall have the meaning set forth in Section 4.01. For purposes of determining the Capital Accounts as set forth in Article IV, partnership items shall be computed in the same manner as the Partnership computes its income for Federal income tax purposes, rather than generally accepted accounting principles, except that (1) a distribution in kind of Partnership property shall be treated as a taxable disposition of such property for its fair market value (taking into account Section 7701(g) of the Code) on the date of distribution, and (2) adjustments shall be made in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv), which adjustments shall include any income which is exempt from United States Federal income tax, all Partnership losses and all expenses properly chargeable to the Partnership, whether deductible or non-deductible and whether described in Section 705(a)(2)(B) of the Code, treated as so described pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i), or otherwise.

"Certificate" shall mean a certificate substantially in the form attached hereto as Exhibit A, evidencing a Preferred Partner Interest.

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"Certificate of Limited Partnership" shall mean the Certificate of Limited Partnership of the Partnership and any and all amendments thereto and restatements thereof filed with the Secretary of State of the State of Delaware.

"Class A Limited Partner" shall mean Terrance G. Howson in his capacity as a limited partner of the Partnership.

"Clearing Agency" shall mean an organization registered as a "Clearing Agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" shall mean a broker dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"Code" shall mean the United States Internal Revenue Code of 1986 and (unless the context requires otherwise) the rules and regulations promulgated thereunder, as amended from time to time.

"Commission" shall mean the Securities and Exchange Commission.

"Covered Person" shall mean any Partner, any Affiliate of a Partner or any officers, directors, shareholders, partners, members, employees, representatives or agents of a Partner or their respective Affiliates, or any employee or agent of the Partnership or its Affiliates.

"Definitive Certificate" shall have the meaning set forth in Section 14.04.

"Delaware Act" shall mean the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq., as amended from time to time or any successor statute thereto.

"Economic Risk of Loss" shall mean the "economic risk of loss" that any Partner is treated as bearing under Treasury Regulation Section 1.752-2 with respect to any Partnership

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liability.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fiscal Year" shall have the meaning set forth in Section 7.01.

"General Partner" shall mean JCP&L Preferred, in its capacity as general partner of the Partnership, together with any successor thereto that becomes a general partner of the Partnership pursuant to the terms of this Agreement.

"Guarantee" shall mean the Payment and Guarantee Agreement to be dated as of ______, 1995 of JCP&L, as amended or supplemented from time to time, and any additional Payment and Guarantee Agreements entered into by JCP&L for the benefit of the Preferred Partners.

"Indenture" shall mean the Indenture to be dated as of ______, 1995, as amended or supplemented from time to time, between JCP&L and United States Trust Company of New York as Trustee and any additional Indentures entered into by JCP&L pursuant to which Subordinated Debentures of JCP&L are to be issued.

"Indemnified Person" shall mean the General Partner, any Affiliate of the General Partner or any officers, directors, shareholders, partners, members, employees, representatives or agents of the General Partner, or any employee or agent of the Partnership or its Affiliates.

"Interest" shall mean the entire partnership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which a Partner may be entitled as provided in this Agreement, together

with the obligations of such Partner to comply with all of the terms and provisions of this Agreement.

"Investment Company Act Event" shall mean the occurrence of a change in law or regulation or a change in an official interpretation of law or regulation by any legislative body, court, governmental agency or regulatory authority (a

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"Change in 40 Act Law") to the effect that the Partnership is or will be considered an "investment company" required to be registered under the 1940 Act, which Change in 40 Act Law becomes effective on or after the date of issuance of any series of Preferred Partner Interests; provided that no Investment Company Act Event shall be deemed to have occurred if the Partnership shall have received an opinion of counsel (which may be regular counsel to JCP&L or an Affiliate, but not an employee thereof), to the effect that JCP&L and/or the Partnership have taken reasonable measures, in their discretion, to avoid such Change in 40 Act Law so that in the opinion of such counsel, notwithstanding such Change in 40 Act Law, the Partnership is not required to be registered as an "investment company" within the meaning of the 1940 Act.

"Limited Partners" shall mean the Class A Limited Partner, if any, and the Preferred Partners.

"Liquidating Distributions" shall mean distributions of Partnership property made upon a liquidation and dissolution of the Partnership as provided in Article XII.

"Liquidation Distribution" shall mean the liquidation preference of each series of Preferred Partner Interests as set forth in the Action for such series.

"Liquidating Trustee" shall have the meaning set forth in Section 12.01.

"JCP&L" shall mean Jersey Central Power & Light Company and its successors.

"JCP&L Preferred" shall mean JCP&L Preferred Capital, Inc. and its successors.

"1940 Act" shall mean the Investment Company Act of 1940, as amended.

"Partners" shall mean the General Partner and the Limited Partners.

"Partnership" shall mean JCP&L Capital, L.P., a limited partnership formed under the laws of the State of Delaware.

"Person" shall mean any individual, general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, cooperative or association and the heirs, executors, administrators, legal

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representatives, successors and assigns of such Person where the context so admits.

"Preferred Partner" shall mean a limited partner of the Partnership who holds one or more Preferred Partner Interests.

"Preferred Partner Interest Owner" shall mean, with respect to a Book Entry Interest, a Person who is the beneficial owner of such Book Entry Interest, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency).

"Preferred Partner Interests" shall mean the Interests described in Article XIII.

"Purchase Price" shall mean the amount paid for each Preferred Partner Interest.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Special Event" shall mean a Tax Event or an Investment Company Act Event.

"Special Representative" shall have the meaning set forth in Section 13.02(d).

"Subordinated Debentures" shall mean the Deferrable Interest Subordinated Debentures of JCP&L issued under the Indenture.

"Tax Event" shall mean that the Partnership shall have obtained an opinion of counsel (which may be regular tax counsel to JCP&L or an Affiliate, but not an employee thereof) to the effect that, as a result of any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein affecting taxation, or as a result of any official administrative pronouncement or judicial decision interpreting or applying any applicable laws or regulations, which amendment or change is effective, or which pronouncement or decision has been issued or rendered, on or after the date of issuance of any series of Preferred Partner Interests, there is more than an insubstantial

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risk that (i) the Partnership will be subject to Federal income tax with respect to interest received on the related Subordinated Debentures or the Partnership will otherwise not be taxed as a partnership or (ii) interest payable by JCP&L to the Partnership on the related Subordinated Debentures will not be deductible for Federal income tax purposes, or (iii) the Partnership is subject to more than a de minimus amount of other taxes, duties or other governmental charges.

"Tax Matters Partner" shall have the meaning set forth in Section 7.05.

"Transfer" shall mean any transfer, sale, assignment, gift, pledge, hypothecation or other disposition or encumbrance of an interest in the Partnership.

"Treasury Regulations" shall mean the final and temporary income tax regulations, as well as the procedural and administrative regulations, promulgated by the United States Department of the Treasury under the Code, as amended from time to time.

"Trustee" shall mean United States Trust Company of New York or any other trustee under the Indenture.

"Underwriting Agreement" shall mean the Underwriting Agreement entered into on _______, 1995 among the Partnership, JCP&L and the underwriters named therein with regard to the sale of Preferred Partner Interests and related securities, and any additional Underwriting Agreements entered into by the Partnership and JCP&L with regard to the sale of additional Preferred Partner Interests and related securities.

ARTICLE II - Continuation; Name; Purposes; Term; Definitions

Section 2.01. Formation. The parties hereto hereby join together to continue the heretofore formed limited partnership which shall exist under and be governed by the Delaware Act. The Partnership shall make any and all filings or disclosures required under the laws of Delaware or otherwise with respect to its continuation as a limited partnership, its use of a fictitious name or otherwise as may be required. The

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Partnership shall be a limited partnership among the Partners solely for the purposes specified in Section 2.03 hereof, and this Agreement shall not be deemed to create a partnership among the Partners with respect to any activities whatsoever other than the activities within the business purposes of the Partnership as specified in Section 2.03. No Partner shall have any power to bind any other Partner with respect to any matter except as specifically provided in this Agreement. No Partner shall be responsible or liable for any indebtedness or obligation of any other Partner incurred either before or after the execution of this Agreement. The assets of the Partnership shall be owned by the Partnership as an entity, and no Partner individually shall own any direct interest in the assets of the Partnership.

Section 2.02. Name and Place of Business. The name of the Partnership is "JCP&L Capital, L.P." The Partnership may operate under the name of "JCP&L Capital" and such name shall be used for no purposes other than those set forth herein. The principal place of business of the Partnership shall be Mellon Bank Center, Tenth and Market Streets, Wilmington, Delaware, or

at such other place as may be selected by the General Partner in its sole and absolute discretion.

Section 2.03. Purposes. The sole purposes of the Partnership are to issue and sell Interests in the Partnership, including, without limitation, Preferred Partner Interests, and to use the proceeds of all sales of Interests in the Partnership to purchase Subordinated Debentures issued by JCP&L pursuant to the Indenture and to effect other similar arrangements permitted by this Agreement, and to engage in any and all activities necessary, convenient, advisable or incidental thereto. The Partnership shall not incur debt for borrowed money.

Section 2.04. Term. The Partnership was formed on ______, 1995 and shall continue without dissolution through June 30, 2060, unless sooner dissolved as provided in Article XI hereof.

Section 2.05. Qualification in Other Jurisdictions. The General Partner shall cause the Partnership to be qualified or registered under assumed or fictitious name statutes or similar laws in any jurisdiction in which the Partnership

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transacts business. The General Partner shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Partnership to qualify to do business in a jurisdiction in which the Partnership may wish to conduct business.

Section 2.06. Admission of Preferred Partners. Without execution of this Agreement, upon receipt by a Person of a Certificate and payment for the Preferred Partner Interest being acquired by such Person, which shall be deemed to constitute a request by such Person that the books and records of the Partnership reflect its admission as a Preferred Partner, such Person shall be admitted to the Partnership as a Preferred Partner and shall become bound by this Agreement.

Section 2.07. Records. The name and mailing address of each Partner and the amount contributed to the capital of the Partnership shall be listed on the books and records of the Partnership. The Partnership shall keep such other records as are required by Section 17-305 of the Delaware Act. The General Partner shall update the books and records from time to time as necessary to accurately reflect the information therein.

ARTICLE III - Capital Contributions

Section 3.01. Capital Contributions. As of the date of this Agreement, the General Partner has contributed the amount of $99 to the capital of the Partnership and shall make any further contributions required to satisfy its obligations under Section 3.04. Each Preferred Partner, or its predecessor in interest, will contribute to the capital of the Partnership the

amount of the Purchase Price for the Preferred Partner Interests held by it.

Section 3.02. Additional Capital Contributions. No Partner shall be required to make any additional contributions or advances to the Partnership except as provided in Section 3.04. or by law.

Section 3.03. No Interest or Withdrawals. No interest shall accrue on any capital contribution made by a Partner, and

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no Partner shall have the right to withdraw or to be repaid any portions of its capital contributions so made, except as specifically provided in this Agreement.

Section 3.04. Minimum Capital Contribution of General Partner. Whenever any Limited Partner makes a capital contribution, the General Partner shall immediately make a capital contribution sufficient to cause the aggregate capital contribution of the General Partner to equal 3% of the aggregate capital contributed by all Partners at such time. Any such additional contributions shall constitute additional capital contributions made by the General Partner.

Section 3.05. Partnership Interests. Unless otherwise provided herein, the percentage interests of the Partners shall be determined in proportion to the capital contributions of the Partners.

Section 3.06. Interests. Each Preferred Partner's respective Preferred Partner Interests shall be set forth on the books and records of the Partnership. Each Partner hereby agrees that its Interests shall for all purposes be personal property. No Partner has an interest in specific Partnership property. The Partnership shall not issue any additional interest in the Partnership after the date hereof other than General Partner Interests or Preferred Partner Interests.

ARTICLE IV - Capital Accounts

Section 4.01. Capital Accounts. There shall be established on the books of the Partnership a capital account ("Capital Account") for each Partner that shall consist of the initial capital contribution to the Partnership made by such Partner (or such Partner's predecessor in interest), increased by: (a) any additional capital contributions made by such Partner, (b) the agreed value of any property subsequently contributed to the capital of the Partnership by such Partner; and (c) items of income and gain allocated to any Partner (or predecessor thereof). A Partner's Capital Account shall be decreased by: (a) items of loss and deduction allocated to any Partner (or predecessor thereof); and (b) any distributions made to such Partner. In addition to and notwithstanding the foregoing, Capital Accounts shall be otherwise adjusted in

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accordance with the tax accounting principles set forth in Treasury Regulation Section 1.704-1(b)(2)(iv).

Section 4.02. Compliance With Treasury Regulations. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 704(b) of the Code and Treasury Regulation Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. In the event that the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are determined in order to comply with such regulations, the General Partner may make such modification.

ARTICLE V - Allocations

Section 5.01. Profits and Losses. Each fiscal period, items of income, gain, loss, deduction or credit of the Partnership shall be allocated (i) first, items of income of the Partnership to the Preferred Partners, pro rata in proportion to the number of Preferred Partner Interests held by each Preferred Partner and at the distribution rate specified in the Action for each series of Preferred Partner Interests, in an amount equal to the excess of (a) the distributions accrued on such Preferred Partner Interests (other than Additional Amounts) since their date of issuance through and including the close of the current fiscal period (whether or not paid) over (b) the items of income of the Partnership allocated to the Preferred Partners pursuant to this Section 5.01(i) in all prior fiscal periods; (ii) second, items of income of the Partnership to each Preferred Partner to whom Additional Amounts were paid during a fiscal period, in an amount equal to such Additional Amounts; and (iii) thereafter, all remaining items of income, gain, loss, deduction or credit to the General Partner; provided however, that the percentage of items of income, gain, loss, deduction or credit of the Partnership allocated to the General Partner for any fiscal period shall at least equal three percent.

Section 5.02. Allocation Rules. For purposes of determining the profits, losses or any other items allocable to any period, profits, losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the General Partner in its sole and absolute discretion using any method that is permissible under Section 706 of the Code and the Treasury Regulations thereunder. The Partners are aware of the income tax consequences of the allocations made by this Article V and hereby agree to be bound by the provisions of this Article V in reporting their shares of Partnership income and loss for

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income tax purposes.

Section 5.03. Adjustments to Reflect Changes in Interests. Notwithstanding the foregoing, with respect to any Fiscal Year during which any Partner's percentage interest in the Partnership changes, whether by reason of the admission of a

Partner, the withdrawal of a Partner, a non-pro rata contribution of capital to the Partnership or any other event described in Section 706(d)(1) of the Code and the Treasury Regulations issued thereunder, allocations of the items of income, gain, loss, deduction or credit of the Partnership shall be adjusted appropriately to take into account the varying interests of the Partners during such Fiscal Year. The General Partner shall consult with the Partnership's accountants and other advisors and shall select the method of making such adjustments, which method shall be used consistently thereafter.

Section 5.04. Tax Allocations. For purposes of Article V and Federal, state and local income tax purposes, Partnership income, gain, loss, deduction or credit (or any item thereof) for each Fiscal Year shall be determined in accordance with Federal tax accounting principles rather than generally accepted accounting principles and shall be allocated to and among the Partners in order to reflect the allocations made pursuant to the provisions of this Article V for such Fiscal Year (other than allocations of items which are not deductible or are excluded from taxable income), taking into account any variation between the adjusted tax basis and book value of Partnership property in accordance with the principles of Section 704(c) of the Code.

Section 5.05. Qualified Income Offset. Notwithstanding any other provision hereof, if any Partner unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), and (6) which creates or increases a deficit in the Capital Account of such Partner (and, for this purpose, the existence of a deficit shall be determined by reducing the Partner's Capital Account by the items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), and (6)), the next available gross income of the Partnership shall be allocated to the Partners having such deficit balances, in proportion to the deficit balances, until such deficit balances are eliminated as quickly

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as possible. The provisions of this Section 5.05 are intended to constitute a "qualified income offset" within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted and implemented as therein provided.

ARTICLE VI - Distributions

Section 6.01. Distributions. Preferred Partners shall receive periodic distributions, if any, in accordance with the applicable terms of the Preferred Partner Interests, as and when declared by the General Partner. Subject to the rights of the holders of the Preferred Partner Interests, the General Partner shall receive such distributions, if any, as may be declared from time to time by the General Partner.

Section 6.02. Certain Distributions Prohibited. Notwithstanding anything in this Agreement to the contrary, all

Partnership distributions shall be subject to the following limitations:

(a) No distribution shall be made to any Partner if, and to the extent that, such distribution would not be permitted under Section 17-607 of the Delaware Act or other applicable law.

(b) No distribution shall be made to any Partner to the extent that such distribution, if made, would create or increase a deficit balance in the Capital Account of such Partner.

(c) Other than Liquidating Distributions, no distribution of Partnership property shall be made in kind. Notwithstanding anything in the Delaware Act or this Agreement to the contrary, in the event of a Liquidating Distribution, a Partner may be compelled in accordance with Section 12.01 to accept a distribution of Subordinated Debentures, cash or of any other asset in kind from the Partnership even if the percentage of the asset distributed to it exceeds a percentage of that asset which is equal to the percentage in which such Partner shares in distributions from the Partnership.

ARTICLE VII - Accounting Matters; Banking

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Section 7.01. Fiscal Year. The fiscal year ("Fiscal Year") of the Partnership shall be the calendar year, or such other year as is required by the Code.

Section 7.02. Certain Accounting Matters. (a) At all times during the existence of the Partnership, the General Partner shall keep, or cause to be kept, full books of account, records and supporting documents, which shall reflect in reasonable detail, each transaction of the Partnership. The books of account shall be maintained on the accrual method of accounting, in accordance with generally accepted accounting principles, consistently applied. The Partnership shall use the accrual method of accounting for United States Federal income tax purposes. The books of account and the records of the Partnership shall be examined by and reported upon as of the end of each Fiscal Year by a firm of independent certified public accountants selected by the General Partner.

(b) The General Partner shall cause to be prepared and delivered to each of the Partners, within 90 days after the end of each Fiscal Year of the Partnership, annual financial statements of the Partnership, including a balance sheet of the Partnership as of the end of such Fiscal Year and the related statements of income or loss and a statement indicating such Partner's share of each item of Partnership income, gain, loss, deduction or credit for such Fiscal Year for income tax purposes.

(c) Notwithstanding anything in this Agreement to the contrary, the General Partner may, to the maximum extent

permitted by applicable law, keep confidential from the Partners for such period of time as the General Partner deems reasonable any information which the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interest of the Partnership or could damage the Partnership or its business or which the Partnership is required by law or by an agreement with a third party to keep confidential.

(d) The General Partner may make, or revoke, in its sole and absolute discretion, any elections for the Partnership that are permitted under tax or other applicable laws, including

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elections under Section 704(c) of the Code, provided that the General Partner shall not make any elections pursuant to Section 754 of the Code.

Section 7.03. Banking. The Partnership shall maintain one or more bank accounts in the name and for the sole benefit of the Partnership. The signatories for such accounts shall be designated by the General Partner. Reserve cash, cash held pending the expenditure of funds for the business of the Partnership or cash held pending a distribution to one or more of the Partners may be invested in any manner at the sole and absolute discretion of the General Partner.

Section 7.04. Right to Rely on Authority of General Partner. No Person that is not a Partner, in dealing with the General Partner, shall be required to determine such General Partner's authority to make any commitment or engage in any undertaking on behalf of the Partnership, or to determine any fact or circumstance bearing upon the existence of the authority of the General Partner.

Section 7.05. Tax Matters Partner. The "tax matters partner," as defined in Section 6231 of the Code, of the Partnership shall be the General Partner (the "Tax Matters Partner"). The Tax Matters Partner shall receive no compensation from the Partnership for its services in that capacity. The Tax Matters Partner is authorized to employ such accountants, attorneys and agents as it, in its sole and absolute discretion, deems necessary or appropriate. Any Person who serves as Tax Matters Partner shall not be liable to the Partnership or to any Partner for any action it takes or fails to take as Tax Matters Partner with respect to any administrative or judicial proceeding involving "partnership items" (as defined in Section 6231 of the Code) of the Partnership.

ARTICLE VIII - Management

Section 8.01. Management. (a) The General Partner shall have full and exclusive authority with respect to all matters concerning the conduct of the business and affairs of the Partnership, including (without limitation) the power, without

the consent of the Limited Partners, to make all decisions it

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deems necessary, advisable, convenient or appropriate to accomplish the purposes of the Partnership. The acts of the General Partner acting alone shall serve to bind the Partnership and shall constitute the acts of the Partners.

(b) The Limited Partners, in their capacity as such, shall not take part in the management, operation or control of the business of the Partnership or transact any business in the name of the Partnership. In addition, the Limited Partners, in their capacity as such, shall not be agents of the Partnership and shall not have the power to sign or bind the Partnership to any agreement or document. The Limited Partners shall have the right to vote only with respect to those matters specifically provided for in this Agreement. Notwithstanding anything herein to the contrary, the Preferred Partners may exercise all rights provided to them, if any, under the Indenture and the Guarantee.

(c) The General Partner is authorized and directed to use its best efforts to conduct the affairs of, and to operate, the Partnership in such a way that the Partnership would not be deemed to be an "investment company" required to be registered under the 1940 Act or taxed as a corporation for Federal income tax purposes and so that the Subordinated Debentures will be treated as indebtedness of JCP&L for Federal income tax purposes. In this connection, the General Partner is authorized to take any action not inconsistent with applicable law, the Certificate of Limited Partnership or this Agreement that does not materially adversely affect the interests of holders of Preferred Partner Interests that the General Partner determines in its sole and absolute discretion to be necessary, advisable or desirable for such purposes.

Section 8.02. Fiduciary Duty. (a) To the extent that, at law or in equity, an Indemnified Person has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to any other Covered Person, an Indemnified Person acting under this Agreement shall not be liable to the Partnership or to any other Covered Person for its good faith reliance on the provisions of this Agreement or the advice of counsel selected by the Indemnified Person in good faith. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of an Indemnified Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Indemnified Person.

(b) Unless otherwise expressly provided herein, (i) whenever a conflict of interest exists or arises between Covered Persons, or (ii) whenever this Agreement or any other agreement contemplated herein or therein provides that an Indemnified Person shall act in a manner that is, or provides

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terms that are, fair and reasonable to the Partnership or any Partner, the Indemnified Person shall resolve such conflict of interest, taking such action or providing such terms, considering

in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, the advice of counsel selected by the Indemnified Person in good faith, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Indemnified Person, the resolution, action or term so made, taken or provided by the Indemnified Person shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Indemnified Person at law or in equity or otherwise.

(c) Whenever in this Agreement an Indemnified Person is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the Indemnified Person shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or any other Person, or (ii) in its "good faith" or under another express standard, the Indemnified Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

Section 8.03. Specific Obligations of the General Partner. The General Partner hereby undertakes:

(a) to devote to the affairs of the Partnership so much of its time as shall be necessary to carry on properly the Partnership's business and its responsibilities hereunder;

(b) to cause the Partnership to do or refrain from doing such acts as shall be required by Delaware law in order to preserve the valid existence of the Partnership as a Delaware limited partnership and to preserve the limited liability of the Limited Partners; and,

(c) the General Partner shall pay directly all, and the Partnership shall not be obligated to pay, directly or

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indirectly, any, of the costs and expenses of the Partnership (including, without limitation, costs and expenses relating to the organization of, and offering of Preferred Partner Interests in, the Partnership and costs and expenses relating to the operation of the Partnership, including without limitation, costs and expenses of accountants, attorneys, statistical or bookkeeping services and computing or accounting equipment, paying agent(s), registrar(s), transfer agent(s), duplicating, travel and telephone and costs and expenses incurred in connection with the acquisition, financing, and disposition of Partnership assets).

Section 8.04. Powers of the General Partner. The General Partner shall have the right, power and authority, in the management of the business and affairs of the Partnership, to do

or cause to be done any and all acts deemed by the General Partner to be necessary or appropriate to effectuate the business, purposes and objectives of the Partnership. Without limiting the generality of the foregoing, the General Partner shall have the power and authority without any further act, approval or vote of any Partner to:

(a) issue Interests, including Preferred Partner Interests, and classes and series thereof, in accordance with this Agreement;

(b) act as, or appoint another Person to act as, registrar and transfer agent for the Preferred Partner Interests;

(c) establish a record date with respect to all actions to be taken hereunder that require a record date to be established, including with respect to allocations, distributions and voting rights and declare distributions and make all other required payments on General Partner, Class A Limited Partner and Preferred Partner Interests as the Partnership's paying agent;

(d) enter into and perform one or more Underwriting Agreements and use the proceeds from the issuance of the Interests to purchase the Subordinated Debentures, in each case on behalf of the Partnership;

(e) bring and defend on behalf of the Partnership actions and proceedings at law or in equity before any court or

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governmental, administrative or other regulatory agency, body or commission or otherwise;

(f) employ or otherwise engage employees and agents (who may be designated as officers with titles) and managers, contractors, advisors and consultants and pay reasonable compensation for such services;

(g) redeem each series of Preferred Partner Interests (which shall constitute a return of capital and not a distribution of income) in accordance with its terms and/or to the extent that the related series of Subordinated Debentures is redeemed or reaches maturity; and,

(h) execute all documents or instruments, perform all duties and powers and do all things for and on behalf of the Partnership in all matters necessary, convenient, advisable or incidental to the foregoing.

The expression of any power or authority of the General Partner in this Agreement shall not in any way limit or exclude any other power or authority which is not specifically or expressly set forth in, or precluded by, this Agreement.

Section 8.05. Independent Affairs. Any Partner or Affiliate thereof may engage in or possess an interest in any other business venture of whatever nature and description,

independently or with others, wherever located and whether or not comparable to or in competition with the Partnership or the General Partner, or any Affiliate thereof, and neither the Partnership nor any of the Partners shall, by virtue of this Agreement, have any rights with respect to, or interests in, such independent ventures or the income, profits or losses derived therefrom. No Partner or Affiliate thereof shall be obligated to present any particular investment opportunity to the Partnership even if such opportunity is of a character that, if presented to the Partnership, could be taken by the Partnership, and any Partner or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity.

Section 8.06. Meetings of the Partners. Meetings of the Partners of any class or series or of all classes or series

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of the Partnership's Interests may be called at any time by the Partners holding 10% in liquidation preference of such class or series of Interests, or of all classes or series of Interests, as the case may be, or as provided in any Action establishing a series of Preferred Partner Interests. Except to the extent otherwise provided in any such Action, the following provisions shall apply to meetings of Partners.

(a) Notice of any meeting shall be given to all Partners not less than ten (10) business days nor more than sixty (60) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Whenever a vote, consent or approval of Partners is permitted or required under this Agreement, such vote, consent or approval may be given at a meeting of Partners or by written consent.

(b) Each Partner may authorize any Person to act for it by proxy on all matters in which a Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Partner executing it.

(c) Each meeting of Partners shall be conducted by the General Partner or by such other Person that the General Partner may designate.

(d) Subject to the provisions of this Section 8.06, the General Partner, in its sole and absolute discretion, shall establish all other provisions relating to meetings of Partners, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Partners, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy or any other matter with respect to the exercise of any such right to vote; provided, however, that unless the General Partner has established a lower percentage, a

majority of the Partners entitled to vote thereat shall constitute a quorum at all meetings of the Partners.

Section 8.07. Net Worth of General Partner.By

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execution of this Agreement, the General Partner represents and covenants that (a) as of the date hereof and at all times during the existence of the Partnership it will maintain a fair market value net worth (determined in accordance with generally accepted accounting principles) of at least ten percent (10%) of the total contributions to the Partnership less any redemptions, throughout the life of the Partnership, in accordance with Rev. Proc. 89-12, 1989-1 C.B. 798, or such other amount as may be required from time to time pursuant to any amendment, modification or successor to Rev. Proc. 89-12 (such net worth being computed excluding any interest in, or receivable due from, the Partnership and including any income tax liabilities that would become due by the General Partner upon disposition by the General Partner of all assets included in determining such net worth), and (b) it will not make any voluntary dispositions of assets which would reduce the net worth below the amount described in (a).

Section 8.08. Restrictions on General Partner. So long as any series of Subordinated Debentures are held by the Partnership, the General Partner shall not (i) direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or executing any trust or power conferred on the Trustee with respect to such series, (ii) waive any past default which is waivable under the Indenture, (iii) exercise any right to rescind or annul a declaration that the principal of all of a series of Subordinated Debentures shall be due and payable or (iv) consent to any amendment, modification or termination of the Indenture, where such consent shall be required, without, in each case, obtaining the prior approval of the holders of not less than 66 2/3% of the aggregate stated liquidation preference of all series of Preferred Partner Interests affected thereby, acting as a single class; provided, however, that where a consent under the Indenture would require the consent of each holder affected thereby, no such consent shall be given by the General Partner without the prior consent of each holder of all series of Preferred Partner Interests affected thereby. The General Partner shall not revoke any action previously authorized or approved by a vote of any series of Preferred Partner Interests. The General Partner shall notify all holders of such Preferred Partner Interests of any notice of default received from the Trustee with respect to such series of Subordinated Debentures. In addition, the General Partner will not permit or cause the Partnership to file a voluntary petition in bankruptcy without the approval of the holders of not less than 66 2/3% of the aggregate stated liquidation preference of the outstanding Preferred Partner Interests.

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ARTICLE IX - Liability and Indemnification

Section 9.01. Partnership Expenses and Liabilities.

(a) Except as provided in the Delaware Act, the General Partner shall have the liabilities of a partner in a partnership without limited partners to Persons other than the Partnership and the other Partners. Except as provided in the Delaware Act or this Agreement, the General Partner shall have the liabilities of a partner in a partnership without limited partners to the Partnership and to the other Partners.

(b) Except as otherwise expressly required by law, a Limited Partner, in its capacity as such, shall have no liability in excess of (i) the amount of its capital contributions to the Partnership, (ii) its share of any assets and undistributed profits of the Partnership, and (iii) the amount of any distributions wrongfully distributed to it.

Section 9.02. No Liability. Except as otherwise expressly provided by the Delaware Act or in Section 9.01(a), no Covered Person shall be liable to the Partnership or to any other Partner for any act or omission performed or omitted pursuant to the authority granted to it hereunder or by law, or from a loss resulting from any mistake or error in judgment on its part or from the negligence, dishonesty, fraud or bad faith of any employee, independent contractor, broker or other agent of the Partnership, provided that such act or omission, such mistake or error in judgment or the selection of such employee, independent contractor, broker or other agent, as the case may be, did not result from the willful misconduct, gross negligence or fraud of such Covered Person. Any Covered Person shall be fully protected in relying in good faith upon the records of the Partnership and upon such information, opinions, reports or statements presented to the Partnership by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Partnership, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to Partners might properly be paid.

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Section 9.03. Indemnification. To the fullest extent permitted by applicable law, except as set forth in Section 8.03(c), an Indemnified Person shall be entitled to indemnification from the Partnership for any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Partnership and in a manner reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Agreement, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of willful misconduct, gross negligence or fraud with

respect to such acts or omissions; provided, however, that any indemnity under this Section 9.03 shall be provided out of and to the extent of Partnership assets only, and except as otherwise expressly provided in Section 9.01(a) or by the Delaware Act, no Covered Person shall have any personal liability on account thereof. To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in this Section 9.03.

ARTICLE X - Withdrawal; Transfer Restrictions

Section 10.01. Transfer by General Partner; Admission of Substituted General Partner. The General Partner may not Transfer its Interest (in whole or in part) to any Person without the consent of all other Partners, provided that the General Partner may, without the consent of any Partner, Transfer its Interest to JCP&L or any direct or indirect wholly owned subsidiary of JCP&L. Notwithstanding anything else herein, the General Partner may merge with or into another Person, may permit another Person to merge with or into the General Partner and may Transfer all or substantially all of its assets to another Person if the General Partner is the survivor of such merger or the Person into which the General Partner is merged or to which the General Partner's assets are transferred is a Person organized

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under the laws of the United States or any state thereof or the District of Columbia. The General Partner shall have the right to admit the assignee or transferee of its Interest which is permitted hereunder as a substituted or additional general partner of the Partnership, with or without the consent of the Limited Partners. Any such assignee or transferee of all or a part of the Interest of a General Partner shall be deemed admitted to the Partnership as a general partner of the Partnership immediately prior to the effective date of such Transfer, and such additional or successor general partner of the Partnership is hereby authorized and shall continue the business of the Partnership without dissolution.

Section 10.02. Withdrawal of Limited Partners. A Preferred Partner may not withdraw from the Partnership prior to the dissolution and winding up of the Partnership except upon the assignment of its Preferred Partner Interests (including any redemption, repurchase, exchange or other acquisition by the Partnership), as the case may be, in accordance with the provisions of this Agreement. Any Person who has been assigned one or more Interests shall provide the Partnership with a completed Form W-8 or such other documents or information as are requested by the Partnership for tax reporting purposes. A withdrawing Preferred Partner shall not be entitled to receive

any distribution and shall not otherwise be entitled to receive the fair value of its Preferred Partner Interest except as otherwise expressly provided in this Agreement.

Section 10.03. Withdrawal of Class A Limited Partner. Upon the admission of at least one Preferred Partner as a Limited Partner of the Partnership, the Class A Limited Partner shall be deemed to have withdrawn from the Partnership as a Limited Partner of the Partnership, and upon such withdrawal, the Class A Limited Partner shall have its capital contribution returned to it without any interest or deduction and shall have no further interest in the Partnership.

ARTICLE XI - Dissolution of the Partnership

Section 11.01. No Dissolution. The Partnership shall not be dissolved by the admission of additional or successor Partners in accordance with the terms of this Agreement. The

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death, withdrawal, incompetency, bankruptcy, dissolution or other cessation to exist as a legal entity of a Limited Partner, or the occurrence of any other event that terminates the Interest of a Limited Partner in the Partnership, shall not in and of itself cause the Partnership to be dissolved and its affairs wound up. To the fullest extent permitted by applicable law, upon the occurrence of any such event, the General Partner may, without any further act, vote or approval of any Partner, subject to the terms of this Agreement, admit any Person to the Partnership as an additional or substitute Limited Partner, which admission shall be effective as of the date of the occurrence of such event, and the business of the Partnership shall be continued without dissolution.

Section 11.02. Events Causing Dissolution. The Partnership shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events:

(a) The expiration of the term of the Partnership, as provided in Section 2.04 hereof;

(b) The withdrawal, removal or bankruptcy of the General Partner or Transfer (other than a grant of a security interest) by the General Partner of its entire Interest in the Partnership when the assignee is not admitted to the Partnership as an additional or successor General Partner in accordance with Section 10.01 hereof, or the occurrence of any other event that results in the General Partner ceasing to be a general partner of the Partnership under the Delaware Act, provided, the Partnership shall not be dissolved and required to be wound up in connection with any of the events specified in this clause (b) if (i) at the time of the occurrence of such event there is at least one remaining general partner of the Partnership who is hereby authorized to, and agrees to, and does carry on the business of the Partnership, or (ii) within ninety days after the occurrence of such event, a majority in Interest of the remaining Partners

(or such greater percentage in Interest as is required by the Delaware Act) agree in writing to continue the business of the Partnership and to the appointment, effective as of the date of such event, if required, of one or more additional general partners of the Partnership;

(c) The entry of a decree of judicial dissolution

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under the Delaware Act;

(d) The bankruptcy, liquidation, dissolution or winding up of JCP&L;

(e) the written consent of the General Partner and all of the Preferred Partners; or

(f) in the sole and absolute discretion of the General Partner upon the happening of a Special Event.

Section 11.03. Notice of Dissolution. Upon the dissolution of the Partnership, the General Partner shall promptly notify the Partners of such dissolution.

ARTICLE XII - Liquidation of Partner Interests

Section 12.01. Liquidation. Upon dissolution of the Partnership, the General Partner, or, in the event that the dissolution is caused by an event described in Section 11.02(b) and there is no other General Partner, a Person or Persons who may be approved by Preferred Partners holding not less than a majority in liquidation preference of the Preferred Partners Interests, as liquidating trustee (the "Liquidating Trustee"), shall immediately commence to wind up the Partnership's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the satisfaction of liabilities to creditors so as to enable the Partners to minimize the normal losses attendant upon a liquidation. The Preferred Partners shall continue to share profits and losses during liquidation in the same proportions, as specified in Articles V and VI hereof, as before liquidation. The proceeds of liquidation shall be distributed, as realized, in the following order and priority:

(a) to creditors of the Partnership, including Preferred Partners who are creditors, to the extent otherwise permitted by law, in satisfaction of the liabilities of the Partnership (whether by payment or the making of reasonable provision for payment thereof), other than liabilities for which reasonable provision for payment has been made and liabilities for distributions to Partners;

(b) to the holders of Preferred Partner Interests of each series then outstanding in accordance with the terms of the Action or Actions for such Series; and

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(c) to all Partners in accordance with their respective positive Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

Section 12.02. Termination. The Partnership shall terminate when all of the assets of the Partnership have been distributed in the manner provided for in this Article XII, and the Certificate of Limited Partnership shall have been cancelled in the manner required by the Delaware Act.

Section 12.03. Duty of Care. The General Partner or the Liquidating Trustee, as the case may be, shall not be liable to the Partnership or any Partner for any loss attributable to any act or omission of the General Partner or the Liquidating Trustee, as the case may be, taken in good faith in connection with the liquidation of the Partnership and distribution of its assets in belief that such course of conduct was in the best interest of the Partnership. The General Partner or the Liquidating Trustee, as the case may be, may consult with counsel and accountants with respect to liquidating the Partnership and distributing its assets and shall be justified in acting or omitting to act in accordance with the written opinion of such counsel or accountants, provided they shall have been selected with reasonable care.

Section 12.04. No Liability for Return of Capital. The General Partner and its respective officers, directors, members, shareholders, employees, representatives, agents, partners and Affiliates shall not be personally liable for the return of the capital contributions of any Partner to the Partnership. No Partner shall be obligated to restore to the Partnership any amount with respect to a negative Capital Account.

ARTICLE XIII - Preferred Partner Interests

Section 13.01. Preferred Partner Interests.

(a) The aggregate number of Preferred Partner Interests which the Partnership shall have authority to issue is unlimited. Each series of Preferred Partner Interests shall rank equally and all Preferred Partner Interests shall rank senior to all other Interests in respect of the right to receive distributions and the right to receive payments out of the assets

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of the Partnership upon voluntary or involuntary dissolution and winding up of the Partnership. The issuance of any Interests ranking senior to the Preferred Partner Interest shall be deemed to materially adversely affect the rights of the Preferred Partner Interests under this Agreement.

(b) The General Partner on behalf of the Partnership is authorized to issue Preferred Partner Interests, in one or more series, having such designations, rights, privileges,

restrictions and other terms and provisions, whether in regard to distributions, return of capital or otherwise, as may from time to time be established in a written action or actions (each, an "Action") of the General Partner providing for the issue of such series. In connection with the foregoing, the General Partner is expressly authorized, prior to issuance, to set forth in an Action or Actions providing for the issue of such series, the following:

(i) The distinctive designation of such series which shall distinguish it from other series;

(ii) The number of Preferred Partner Interests included in such series, which number may be increased or decreased from time to time unless otherwise provided by the General Partner in creating the series;

(iii) The distribution rate (or method of determining such rate) for Preferred Partner Interests of such series and the first date upon which such distribution shall be payable;

(iv) The amount or amounts which shall be paid out of the assets of the Partnership to the holders of such series of Preferred Partner Interests upon voluntary or involuntary dissolution and winding up of the Partnership;

(v) The price or prices at which, the period or periods within which and the terms and conditions upon which the Preferred Partner Interests of such series may be redeemed or purchased, in whole or in part, at the option of the Partnership;

(vi) The obligation of the Partnership to

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purchase or redeem Preferred Partner Interests of such series pursuant to a sinking fund or otherwise and the price or prices at which, the period or periods within which and the terms and conditions upon which the Preferred Partner Interests of such series shall be redeemed, in whole or in part, pursuant to such obligation;

(vii) The period or periods within which and the terms and conditions, if any, including the price or prices or the rate or rates of conversion or exchange and the terms and conditions of any adjustments thereof, upon which the Preferred Partner Interests of such series shall be convertible or exchangeable at the option of the Preferred Partner, or the Partnership, into any other Interests or securities or other property or cash or into any other series of Preferred Partner Interests;

(viii) The voting rights, if any, of the Preferred Partner Interests of such series in addition to those required by law and set forth in this Agreement, and any requirement for the approval by the Preferred Partner

Interests, or of the Preferred Partner Interests of one or more series, or of both, as a condition to specified Actions or amendments to this Agreement;

(ix) The additional amounts, if any, which the Partnership will pay as a distribution as necessary in order that the net amounts received by the Preferred Partners who hold such series of Preferred Partner Interests after withholding or deduction on account of certain taxes, duties, assessments or governmental charges will equal the amount which would have been receivable in respect of such Preferred Partner Interests in the absence of such withholding or deduction ("Additional Amounts"); and

(x) Any other relative rights, powers, preferences or limitations of the Preferred Partner Interests of the series not inconsistent with this Agreement or with applicable law.

In connection with the foregoing and without limiting the generality thereof, the General Partner is hereby expressly

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authorized, without the vote or approval of any other Partner, to take any Action to create under the provisions of this Agreement a series of Preferred Partner Interests that was not previously outstanding. Without the vote or approval of any other Partner, the General Partner may execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection with the issue from time to time of Preferred Partner Interests in one or more series as shall be necessary, convenient or desirable to reflect the issue of such series. The General Partner shall do all things it deems to be appropriate or necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or permissible in connection with any future issuance, including compliance with any statute, rule, regulation or guideline of any Federal, state or other governmental agency or any securities exchange.

Any Action or Actions taken by the General Partner pursuant to the provisions of this paragraph (b) shall be deemed an amendment and supplement to and part of this Agreement.

(c) Except as otherwise provided in this Agreement or in any Action in respect of any series of the Preferred Partner Interests and as otherwise required by law, all rights to the management and control of the Partnership shall be vested exclusively in the General Partner.

(d) No holder of Interests shall be entitled as a matter of right to subscribe for or purchase, or have any preemptive right with respect to, any part of any new or additional issue of Interests of any class or series whatsoever, or of securities convertible into any Interests of any class or series whatsoever, whether now or hereafter authorized and whether issued for cash or other consideration or by way of

distribution. Any Person acquiring Preferred Partner Interests shall be admitted to the Partnership as a Preferred Partner upon compliance with Section 2.06.

13.02. Terms of Preferred Partner Interests. Notwithstanding anything else in any Action to the contrary, all Preferred Partner Interests of the Partnership shall have the following voting rights, preferences, participating, optional and other special rights and the qualifications, limitations or restrictions of, and other matters relating to, the Preferred

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Partner Interests as set forth below in this Section 13.02.

(a) Distributions.

(i) The Preferred Partners shall be entitled to receive, when, as and if declared by the General Partner out of funds held by the Partnership to the extent that the Partnership has cash on hand sufficient to permit such payments and funds legally available therefor, cumulative cash distributions at a rate per annum established by the General Partner, calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each, and for any period shorter than a full monthly distribution period, distributions will be computed on the basis of the actual number of days elapsed in such period, and payable in United States dollars monthly in arrears on the last day of each calendar month of each year. In the event that any date on which distributions are payable on the Preferred Partner Interests is not a Business Day, then payment of the distribution payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Such distributions will accrue and be cumulative from the original date of issue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Partnership legally available for the payment of distributions, or whether they are deferred.

(ii) If distributions have not been paid in full on any series of Preferred Partner Interests, the Partnership may not:

(A) pay or declare and set aside for payment, any distributions on any other series of Preferred Partner Interests unless the amount of any distributions paid or declared on any Preferred

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Partner Interests is paid or declared on all Preferred Partner Interests then outstanding on a pro rata basis, on the date such distributions are paid or declared, so that

(1) (x) the aggregate amount of distributions paid or declared on such series of Preferred Partner Interests bears to (y) the aggregate amount of distributions paid or declared on all such Preferred Partner Interests outstanding the same ratio as

(2) (x) the aggregate of all accumulated arrears of unpaid distributions in respect of such series of Preferred Partner Interests bears to (y) the aggregate of all accumulated arrears of unpaid distributions in respect of all such Preferred Partner Interests outstanding;

(B) pay or declare any distribution on any general partner Interest; or

(C) redeem, purchase or otherwise acquire any Preferred Partner Interests or any general partner Interests;

until, in each case, such time as all accumulated and unpaid distributions on all series of Preferred Partner Interests shall have been paid in full for all distribution periods terminating on or prior to, in the case of clauses (A) and (B), such payment and, in the case of clause (C), the date of such redemption, purchase or acquisition.

(b) Notice of Redemption.

(i) The Partnership may not redeem any outstanding Preferred Partner Interests unless all accumulated and unpaid distributions have been paid on all Preferred Partner Interests for all monthly distribution periods terminating on or prior to the date of redemption.

(ii) Notice of any redemption (a "Notice of Redemption") of a series of Preferred Partner Interests will be given by the Partnership by mail to each record holder of such series of Preferred Partner Interests to be redeemed not fewer than thirty (30) nor more than ninety (90) days prior

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to the date fixed for redemption thereof. For purposes of the calculation of the date of redemption and the dates on which notices are given pursuant to this paragraph (b)(ii), a Notice of Redemption shall be deemed to be given on the day such notice is first mailed by first-class

mail, postage prepaid, or on the date it was delivered in person, receipt acknowledged to the record holders of such series of Preferred Partner Interests. Each Notice of Redemption shall be addressed to the record holders of such series of Preferred Partner Interests at the address appearing in the books and records of the Partnership. No defect in the Notice of Redemption or in the mailing thereof or publication of its contents shall affect the validity of the redemption proceedings.

(iii) If the Partnership gives a Notice of Redemption in respect of a series of Preferred Partner Interests, then, by 12:00 noon, New York time, on the redemption date, the Partnership will irrevocably deposit with The Depository Trust Company or its successor securities depository funds sufficient to pay the applicable Redemption Price and will give The Depository Trust Company or its successor securities depository irrevocable instructions and authority to pay the Redemption Price to the holders of the Preferred Partner Interests. If Notice of Redemption shall have been given and funds deposited as required, then on the date of such deposit, all rights of the Preferred Partner Interest Owners and the holders of such series of Preferred Partner Interests so called for redemption will cease, except the right to receive the Redemption Price, but without interest. In the event that any date fixed for redemption of such series of Preferred Partner Interests is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except

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that, if such Business Day falls in the next succeeding calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price in respect of a series of Preferred Partner Interests is not made either by the Partnership or by JCP&L pursuant to the Guarantee pertaining to the series of Preferred Partner Interests, distributions on such series of Preferred Partner Interests will continue to accrue at the then applicable rate, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

(iv) In the event that less than all the outstanding series of Preferred Partner Interests

are to be redeemed, the series of Preferred Partner Interests to be redeemed, will be selected according to a determination by The Depository Trust Company or its successor securities depository. In the case of a partial redemption resulting from a requirement that the Partnership pay Additional Amounts or withhold or deduct certain amounts, the Partnership will (A) cause the global certificates representing all of such series of Preferred Partner Interests to be withdrawn from The Depository Trust Company or its successor securities depository, (B) issue certificates in definitive form representing such series of Preferred Partner Interests, and (C) redeem the series of Preferred Partner Interests subject to such requirement to withhold or deduct Additional Amounts. Subject to applicable law, JCP&L or its subsidiaries may at any time and from time to time purchase outstanding Preferred Partner Interests by tender, in the open market or by private agreement. If a partial redemption or a purchase of outstanding Preferred Partner Interests by tender, in the open market or by private agreement would result in a delisting of a series of Preferred Partner Interests from any

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national securities exchange on which the series of Preferred Partner Interests are then listed, the Partnership may then only redeem or purchase the series of Preferred Partner Interests in whole.

(c) Liquidation Distribution. If, upon any liquidation, the Liquidation Distribution on a series of Preferred Partner Interests can be paid only in part because the Partnership has insufficient assets available to pay in full the aggregate liquidation distributions on all Preferred Partner Interests then outstanding, then the amounts payable directly by the Partnership on the such series of Preferred Partner Interests and on all other Preferred Partner Interests then outstanding shall be paid on a pro rata basis, so that

(i) (A) the aggregate amount paid in respect of the Liquidation Distribution bears to (B) the aggregate amount paid as liquidation distributions on all other Preferred Partnership Interests then outstanding the same ratio as

(ii) (A) the aggregate Liquidation Distribution bears to (B) the aggregate maximum liquidation distributions on all other Preferred Partner Interests then outstanding.

(d) Voting Rights. If (i) the Partnership fails to pay distributions in full on a series of Preferred Partner Interests for eighteen (18) consecutive monthly distribution

periods; (ii) an event of default as defined in the Indenture occurs and is continuing; or (iii) JCP&L is in default on any of its payment or other obligations under the Guarantee, then the holders of such series of Preferred Partner Interests, together with the holders of all other series of Preferred Partner Interests acting as a single class, will be entitled, by a vote of the majority of the aggregate stated liquidation preference of outstanding Preferred Partner Interests, to appoint and authorize a special representative of the Partnership and the Preferred Partners (the "Special Representative") to enforce the Partnership's rights under the Indenture, including, after failure to pay interest for sixty (60) consecutive monthly interest periods, the payment of interest on the Subordinated

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Debentures, and to enforce the obligations of JCP&L under the Guarantee.

In furtherance of the foregoing, and without limiting the powers of any Special Representative so appointed and for the avoidance of any doubt concerning the powers of the Special Representative, any Special Representative, in its own name and as Special Representative of the Partnership and the Preferred Partners, may institute any proceedings, including, without limitation, any suit in equity, an action at law or other judicial or administrative proceeding, to enforce the Partnership's or the Preferred Partners' rights directly against JCP&L (including, without limitation, the Partnership's rights under the Indenture or as a holder or beneficial owner of the Subordinated Debentures), or any other obligor in connection with such obligations on behalf of the Partnership or the Preferred Partners, and may prosecute such proceeding to final judgment or decree, including any appeals thereof, and enforce the same against JCP&L or any other obligor in connection with such obligations and collect, out of the property, wherever situated, of JCP&L or any such other obligor upon such obligations, the monies adjudged or decreed to be payable in the manner provided by law. The Special Representative shall not be admitted as a partner in the Partnership or otherwise be deemed to be a partner in the Partnership and shall have no liability for the debts, obligations or liabilities of the Partnership.

For purposes of determining whether the Partnership has failed to pay distributions in full for eighteen (18) consecutive monthly distribution periods, distributions shall be deemed to remain in arrears, notwithstanding any payments in respect thereof, until full cumulative distributions have been or contemporaneously are declared and paid with respect to all monthly distribution periods terminating on or prior to the date of payment of such full cumulative distributions. Subject to requirements of applicable law, not later than thirty (30) days after such right to appoint a Special Representative arises, the General Partner will convene a general meeting for the above purpose. If the General Partner fails to convene such meeting within such 30-day period, the Preferred Partners who hold 10% of the aggregate stated liquidation preference of such outstanding series of Preferred Partner Interests will be

entitled to convene such meeting. The provisions of this

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Agreement relating to the convening and conduct of meetings of Partners will apply with respect to any such meeting. Any Special Representative so appointed shall cease to act in such capacity immediately if the Partnership (or JCP&L pursuant to the Guarantee) shall have paid in full all accumulated and unpaid distributions on the Preferred Partner Interests or such default or breach by JCP&L, as the case may be, shall have been cured. Notwithstanding the appointment of any such Special Representative, JCP&L shall retain all rights under the Indenture, including the right to extend the interest payment period on the Subordinated Debentures as provided in the Indenture.

If any proposed amendment of this Agreement provides for, or the General Partner otherwise proposes to effect any action which would materially adversely affect the powers, preferences or special rights of such series of Preferred Partner Interests, then holders of the outstanding series of Preferred Partner Interests will be entitled to vote on such amendment or action of the General Partner (but not on any other amendment or action) and, in the case of an amendment or action which would equally materially adversely affect the powers, preferences or special rights of any other series of outstanding Preferred Partner Interests, all holders of all such series of Preferred Partner Interests, will be entitled to vote together as a class on such amendment or action of the General Partner (but not on any other amendment or action), and such amendment or action shall not be effective except with the approval of Preferred Partners holding not less than 66 2/3% of the aggregate stated liquidation preference of such outstanding series of Preferred Partner Interests. Except as otherwise provided under Section 11.02 or the Delaware Act, the Partnership will be dissolved and wound up only with the consent of the holders of all Preferred Partner Interests outstanding.

The powers, preferences or special rights of a series of Preferred Partner Interests will be deemed not to be adversely affected by the creation or issue of, and no vote will be required for the creation or issue of, any further series of Preferred Partner Interests or any general partner interests.

Any required approval of a series of Preferred Partner Interests may be given at a separate meeting of such holders convened for such purpose, at a meeting of the holders of all series of Preferred Partner Interests or pursuant to written consent. The Partnership will cause a notice of any meeting at which holders of a series of Preferred Partner Interests are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of Preferred Partner Interests. Each such notice will include a statement setting forth (i) the date of such meeting or

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the date by which such action is to be taken, (ii) a description of any matter to be voted on at such meeting or upon which

written consent is sought, and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the holders of a series of Preferred Partner Interests will be required for the Partnership to redeem and cancel such Series of Preferred Partner Interests in accordance with this Agreement and the related Action.

Notwithstanding that holders of a series of Preferred Partner Interests are entitled to vote or consent under any of the circumstances described above, any Preferred Partner Interests that are owned by JCP&L or any Person owned more than 50% by JCP&L, either directly or indirectly, shall not be entitled to vote or consent and shall, for the purposes of such vote or consent, be treated as if they were not outstanding.

(e) Mergers. The Partnership shall not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to any corporation or other entity, except with the prior approval of the Preferred Partners holding not less than 66 2/3% of the aggregate stated liquidation preference of such outstanding Preferred Partner Interests or as described below. The General Partner may without the consent of the holders of any series of Preferred Partner Interests, cause the Partnership to consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, a corporation, a limited liability company, limited partnership or a trust or other entity organized as such under the laws of the United States or any state thereof or the District of Columbia provided that (i) such successor entity either (A) expressly assumes all of the terms and provisions of the Preferred Partner Interests by which the Partnership is bound and the other obligations of the Partnership or (B) substitutes for the Preferred Partner Interests other securities having substantially the same terms as the Preferred Partner Interests (the "Successor Securities") so long as the Successor Securities rank, with regards to participation in the profits or assets of the successor entity, at least as high as the Preferred Partner Interests rank, with regard to

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participation in the profits or assets of the Partnership, (ii) JCP&L confirms its obligations under the Guarantee with regard to the Preferred Partner Interests or Successor Securities, if any are issued, (iii) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause any series of Preferred Partner Interests or Successor Securities to be delisted by any national securities exchange or other organization on which those Preferred Partner Interests or Successor Securities are then listed, (iv) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the Preferred Partner Interests to be downgraded by any nationally recognized statistical rating organization, as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act, (v) such merger, consolidation, amalgamation, replacement, conveyance,

transfer or lease does not adversely affect the powers, preferences and special rights of holders of Preferred Partner Interests or Successor Securities in any material respect, (vi) such successor entity has a purpose substantially identical to that of the Partnership and (vii) prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease JCP&L has received an opinion of counsel (which may be regular counsel to the Partnership or an Affiliate, but not an employee thereof) experienced in such matters to the effect that (A) holders of outstanding Preferred Partner Interests or Successor Securities will not recognize any gain or loss for Federal income tax proposes as a result of the merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, (B) such successor entity will be treated as a partnership for Federal income tax purposes, (C) following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, JCP&L and such successor entity will be in compliance with the 1940 Act without registering thereunder as an "investment company," and (D) such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease will not adversely affect the limited liability of holders of Preferred Partner Interests or Successor Securities.

ARTICLE XIV - Transfers

Section 14.01. Transfers of Preferred Partner Interests. Preferred Partner Interests may be freely transferred

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by a Preferred Partner. No Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Agreement. Any transfer or purported transfer of any Interest not made in accordance with this Agreement shall be null and void.

Section 14.02. Transfer of Certificates. The General Partner shall provide for the registration of Certificates. Upon surrender for registration of transfer of any Certificate, the General Partner shall cause one or more new Certificates to be issued in the name of the designated transferee or transferees. Every Certificate surrendered for registration of transfer shall be accompanied by a written instrument of transfer and agreement to be bound by the provisions of this Agreement in form satisfactory to the General Partner duly executed by the Preferred Partner or his attorney duly authorized in writing. Each Certificate surrendered for registration of transfer shall be cancelled by the General Partner. A transferee of a Certificate shall provide the Partnership with a completed Form W-8 or such other documents or information as are requested by the Partnership for tax reporting purposes and thereafter shall be admitted to the Partnership as a Preferred Partner and shall be entitled to the rights and subject to the obligations of a Preferred Partner hereunder upon the receipt by such transferee of a Certificate. The transferor of a Certificate shall cease to be a limited partner of the Partnership at the time that the

transferee of the Certificate is admitted to the Partnership as a Preferred Partner in accordance with this Section 14.02.

Section 14.03. Persons Deemed Preferred Partners. The Partnership may treat the Person in whose name any Certificate shall be registered on the books and records of the Partnership as the Preferred Partner and the sole holder of such Certificate for purposes of receiving distributions and for all other purposes whatsoever and, accordingly, shall not be bound to recognize any equitable or other claims to or interest in such Certificate on the part of any other Person, whether or not the Partnership shall have actual or other notice thereof.

Section 14.04. Book Entry Interests. The Certificates, on original issuance, will be issued in the form of a typewritten Certificate or Certificates representing the Book

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Entry Interests, to be delivered to The Depository Trust Company, the initial Clearing Agency, by, or on behalf of, the Partnership. Such Certificates shall initially be registered on the books and records of the Partnership in the name of Cede & Co., the nominee of the initial Clearing Agency, and no Preferred Partner Interest Owner will receive a definitive Certificate representing such Preferred Partner Interest Owner's interests in such Certificate, except as provided in Section 14.06. Unless and until definitive, fully registered Certificates (the "Definitive Certificates") have been issued to the Preferred Partner Interest Owners pursuant to Section 14.06:

(a) The provisions of this Section shall be in full force and effect;

(b) The Partnership and the General Partner shall be entitled to deal with the Clearing Agency for all purposes of this Agreement (including the payment of distributions on the Certificates and receiving approvals, votes or consents hereunder) as the Preferred Partner and the sole holder of the Certificates and shall have no obligations to the Preferred Partner Interest Owners;

(c) The rights of the Preferred Partner Interest Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Preferred Partner Interest Owners and the Clearing Agency and/or the Clearing Agency Participants. Unless or until the Definitive Certificates are issued pursuant to Section 14.06, the initial Clearing Agency will make book entry transfers among the Clearing Agency Participants and receive and transmit payments of distributions on the Certificates to such Clearing Agency Participants;

(d) To the extent that the provisions of this Section conflict with any other provisions of this Agreement, the provisions of this Section shall control; and

(e) Whenever this Agreement requires or permits actions to be taken based upon approvals, votes or consents of a percentage of the Preferred Partners, the Clearing Agency shall be deemed to represent such percentage only to the extent that it

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has received instructions to such effect from the Preferred Partner Interest Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interests in the Certificates and has delivered such instructions to the General Partner.

Section 14.05. Notices to Clearing Agency. Whenever a notice or other communication to the Preferred Partners is required under this Agreement, unless and until Definitive Certificates shall have been issued pursuant to Section 14.06, the General Partner shall give all such notices and communications specified herein to be given to the Preferred Partners to the Clearing Agency, and shall have no obligations to the Preferred Partner Interest Owners.

Section 14.06. Definitive Certificates. If (a) the Clearing Agency elects to discontinue its services as securities depository and gives reasonable notice to the Partnership, or (b) the Partnership elects to terminate the book entry system through the Clearing Agency, then the Definitive Certificates shall be prepared by the Partnership. Upon surrender of the typewritten Certificate or Certificates representing the Book Entry Interests by the Clearing Agency, accompanied by registration instructions, the General Partner shall cause the Definitive Certificates to be delivered to the holders of Preferred Partner Interests in accordance with the instructions of the Clearing Agency. The General Partner shall not be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Any Person receiving a Definitive Certificate in accordance with this Article XIV shall be admitted to the Partnership as a Preferred Partner upon receipt of such Definitive Certificate. The Clearing Agency or the nominee of the Clearing Agency, as the case may be, shall cease to be a Limited Partner of the Partnership under this Section 14.06 at the time that at least one additional Person is admitted to the Partnership as a Preferred Partner in accordance with this Section 14.06. The Definitive Certificates shall be printed, lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the General Partner, as evidenced by its execution thereof.

Additionally, in the event that the Partnership exercises its option to redeem only a portion of the Preferred Partner Interests because it is or would be required to withhold or deduct Additional Amounts in regard to such Preferred Partner Interests to be redeemed, the Partnership may cause the global Certificate representing all of the Preferred Partner Interests to be withdrawn from the Clearing Agency and issue Definitive Certificates representing the remaining Preferred Partner Interests. Thereafter, the Preferred Partner Interests subject

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to such requirement to withhold or deduct Additional Amounts will be redeemed.

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ARTICLE XV - General

Section 15.01. Power of Attorney. (a) The Class A Limited Partner and each Preferred Partner constitutes and appoints the General Partner and the Liquidating Trustee as its true and lawful representative and attorney-in-fact, in its name, place and stead, to make, execute, sign, acknowledge and deliver or file (i) all instruments, documents and certificates which may from time to time be required by any law to effectuate, implement and continue the valid and subsisting existence of the Partnership, (ii) all instruments, documents and certificates that may be required to effectuate the dissolution and termination of the Partnership in accordance with the provisions hereof and Delaware law, (iii) all other amendments of this Agreement or the Certificate of Limited Partnership and other filings contemplated by this Agreement including, without limitation, amendments reflecting the withdrawal of the General Partner, or the return, in whole or in part, of the contribution of any Partner, or the addition, substitution or increased contribution of any Partner, or any action of the Partners duly taken pursuant to this Agreement whether or not such Partner voted in favor of or otherwise approved such action, and (iv) any other instrument, certificate or document required from time to time to admit a Partner, to effect its substitution as a Partner, to effect the substitution of the Partner's assignee as a Partner or to reflect any action of the Partners provided for in this Agreement.

(b) The powers of attorney granted herein (i) shall be deemed to be coupled with an interest, shall be irrevocable and shall survive the death, insanity, incompetency

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or incapacity (or, in the case of a Partner that is a corporation, association, partnership, limited liability company or trust, shall survive the merger, dissolution or other termination of existence) of the Partner and (ii) shall survive the assignment by the Partner of the whole or any portion of his Interest, except that where the assignee of the whole or any portion thereof has furnished a power of attorney, this power of attorney shall survive such assignment for the sole purpose of enabling the General Partner and the Liquidating Trustee to execute, acknowledge and file any instrument necessary to effect any permitted substitution of the assignee for the assignor as a Partner and shall thereafter terminate. In the event that the appointment conferred in this Section 15.01 would not constitute a legal and valid appointment by any Partner under the laws of the jurisdiction in which such Partner is incorporated, established or resident, upon the request of the General Partner or the Liquidating Trustee, such Partner shall deliver to the General Partner or the Liquidating Trustee a properly authenticated and duly executed document constituting a legal and valid power of attorney under the laws of the appropriate jurisdiction covering the matters set forth in this Section 15.01.

(c) The General Partner may require a power of attorney to be executed by a transferee of a Partner as a condition of its admission as a substitute Partner.

Section 15.02. Waiver of Partition. Each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for partition of any of the Partnership's property or assets.

Section 15.03. Notices. Any notice permitted or required to be given hereunder shall be in writing and shall be deemed given (i) on the day the notice is first mailed to a Partner by first class mail, postage prepaid, or (ii) on the date it was delivered in person to a Partner, receipt acknowledged, at its address appearing on the books and records of the Partnership. Another address may be designated by a Partner by such Partner giving notice of its new address as provided in this Section 15.03.

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Section 15.04. Entire Agreement. This Agreement, including the exhibits annexed hereto and incorporated by reference herein, contains the entire agreement of the parties hereto and supersedes all prior agreements and understandings, oral or otherwise, among the parties hereto with respect to the matters contained herein.

Section 15.05. Waivers. Except as otherwise expressly provided herein, no purported waiver by any party of any breach by another party of any of his obligations, agreements or covenants hereunder, or any part thereof, shall be effective unless made in a writing executed by the party or parties sought to be bound thereby, and no failure to pursue or elect any remedy with respect to any default under or breach of any provision of this Agreement, or any part hereof, shall be deemed to be a waiver of any other subsequent similar or different default or breach, or any election of remedies available in connection therewith, nor shall the acceptance or receipt by any party of any money or other consideration due him under this Agreement, with or without knowledge of any breach hereunder, constitute a waiver of any provision of this Agreement with respect to such or any other breach.

Section 15.06. Headings. The section headings herein contained have been inserted only as a matter of convenience of reference and in no way define, limit or describe the scope or intent of any provisions of this Agreement nor in any way affect any such provisions.

Section 15.07. Separability. Each provision of this Agreement shall be considered to be separable, and if, for any reason, any such provision or provisions, or any part thereof, is determined to be invalid and contrary to any existing or future applicable law, such invalidity shall not impair the operation of, or affect, those portions of this Agreement which are valid, and this Agreement shall be construed and enforced in all

respects as if such invalid or unenforceable provision or provisions had been omitted.

Section 15.08. Contract Construction. Whenever the content of this Agreement permits, the masculine gender shall include the feminine and neuter genders, and reference to singular or plural shall be interchangeable with the other.

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References in this Agreement to particular sections of the Code or to provisions of the Delaware Act shall be deemed to refer to such sections or provisions as they may be amended after the date of this Agreement.

Section 15.09. Counterparts. This Agreement may be executed in one or more counterparts and each of such counterparts for all purposes shall be deemed to be an original, but all of such counterparts, when taken together, shall constitute but one and the same instrument, binding upon all parties hereto, notwithstanding that all of such parties may not have executed the same counterpart.

Section 15.10. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be deemed for the benefit of creditors or any other Persons, nor shall it be deemed to permit any assignment by a Partner of any of its rights or obligations hereunder except as expressly provided herein.

Section 15.11. Further Actions. Each of the Partners hereby agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purposes of this Agreement and as are not inconsistent with the terms hereof.

Section 15.12. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without regard to conflicts of laws.

Section 15.13. Amendments. Except as otherwise expressly provided herein or as otherwise required by law, this Agreement may only be amended by a written instrument executed by the General Partner provided, however, that any amendment which would adversely affect the powers, preferences or special rights of any series of Preferred Partner Interests may be effected only as permitted by the terms of such series of Preferred Partner Interests.

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

GENERAL PARTNER:

JCP&L PREFERRED CAPITAL, INC.

By:______________________________

Name:
Title:

CLASS A LIMITED PARTNER

____
Terrance G. Howson

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Exhibit A

Certificate Evidencing Preferred Partner Interests

of

JCP&L Capital, L.P.

___% Cumulative Monthly Income Preferred Partner
Interests, Series __ (liquidation preference
$25 per Preferred Partner Interest)

JCP&L Capital, L.P., a Delaware limited partnership (the "Partnership"), hereby certifies that Cede & Co. (the "Holder") is the registered owner of ____________ (_______) fully paid Preferred Partner Interests of the Partnership designated the ___% Cumulative Monthly Income Preferred Partner Interests, Series __ (liquidation preference $25 per Preferred Partner Interest) (the "Series __ Preferred Partner Interests") representing preferred limited partner interests in the Partnership transferable on the books and records of the Partnership, in person or by a duly authorized attorney, upon

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surrender of this Certificate duly endorsed and in proper form for transfer. The powers, preferences and special rights and limitations of the Series __ Preferred Partner Interests are set forth in, and this Certificate and the Series __ Preferred Partner Interests represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Limited Partnership Agreement dated as of ___________, 1995 of the Partnership as the same may, from time to time, be amended (the "Partnership Agreement") authorizing the issuance of the Series __ Preferred Partner Interests and

determining, along with any Actions of the General Partner of the Partnership as authorized under the Partnership Agreement, the preferred, deferred and other special rights and restrictions, regarding distributions, voting, redemption and otherwise and other matters relating to the Series __ Preferred Partner Interests. The Partnership will furnish a copy of the Partnership Agreement to the Holder without charge upon written request to the Partnership at its principal place of business or registered office. Capitalized terms used herein but not defined shall have the meaning given them in the Partnership Agreement. The Holder is entitled to the benefits of the Payment and

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Guarantee Agreement of Jersey Central Power & Light Company, dated as of _____________, 1995 relating to the Preferred Partner Interests (the "Guarantee") and of the Indenture between Jersey Central Power & Light Company and United States Trust Company of New York, dated as of ________, 1995 (the "Indenture"), under and pursuant to which the related series of Subordinated Debentures are issued and outstanding, in either case to the extent provided therein. The Holder is further entitled to enforce such rights of the Partnership under the Indenture to the extent provided therein and in the Partnership Agreement. The Partnership will furnish a copy of the Guarantee and Indenture to the Holder without charge upon written request to the Partnership at its principal place of business or registered office.

The Holder, by accepting this Certificate, is deemed to have (i) agreed that the Subordinated Debentures issued pursuant to the Indenture are subordinate and junior in right of payment to all Senior Indebtedness of Jersey Central Power & Light

Company as and to the extent provided in the Indenture and (ii) agreed that the Guarantee is subordinate and junior in right of payment to all Senior Indebtedness of Jersey Central Power & Light Company. Upon receipt of this Certificate, the Holder is admitted to the Partnership as a Preferred Partner, is bound by

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the Partnership Agreement and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, the Partnership has executed this Certificate this ____ day of _____________, 1995.

JCP&L CAPITAL, L.P.

By: JCP&L Preferred Capital, Inc., its General Partner

By: ______________________________

Name:
Title:

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Exhibit A-6

Action by the General Partner of JCP&L Capital, L.P.
Creating the ___% Cumulative Monthly Income
Preferred Partner Interests, Series A

Pursuant to Section 13.01 of the Amended and Restated Limited Partnership Agreement of JCP&L Capital, L.P. dated as of _______, 1995 (as amended from time to time, the "Partnership Agreement"), JCP&L Preferred Capital, Inc., as general partner (the "General Partner") of JCP&L Capital, L.P. (the "Partnership"), desiring to state the designations, distribution rights, redemption rights, preferences, privileges, limitations and other rights of a new series of Preferred Partner Interests, hereby authorizes and establishes such new series of Preferred Partner Interests according to the following terms and conditions (each capitalized term used but not defined herein shall have the meaning set forth in the Partnership Agreement):

(a) Designation. _________________________________ (_________) interests with an aggregate liquidation preference of $___________ of the Preferred Partner Interests of the Partnership, liquidation preference $25 per Preferred Partner Interest, are hereby designated as "___% Cumulative Monthly Income Preferred Partner Interests, Series A" (hereinafter the "Series A Preferred Partner Interests.")

(b) Distributions.

(i) The Preferred Partners who hold the Series A Preferred Partner Interests shall be entitled to receive, when, as and if declared by the General Partner to the extent that the Partnership has cash on hand sufficient to permit such payments and funds legally available therefor, cumulative cash distributions at a rate per annum of ___% of the stated liquidation preference of $25 per Series A Preferred Partner Interest per annum, commencing _______, 1995. Distributions on the Series A Preferred Partner Interests which accrue

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from the date of original issue to _______, 1995 shall be payable on _______, 1995.

(ii) Distributions on the Series A Preferred Partner Interests must be declared by the General Partner in any calendar year or portion thereof to the extent that the General Partner reasonably anticipates that at the time of payment the Partnership will have, and must be paid by the Partnership to the extent that at the time of proposed payment it has, cash on hand sufficient to permit such payments and funds legally available therefor. Distributions on the Series A Preferred Partner Interests will be deferred if

and for so long as JCP&L defers payments to the Partnership on the Debentures (as defined below). Accrued and unpaid distributions on the Series A Preferred Partner Interests will accrue additional distributions ("Additional Distributions") in respect thereof, to the extent permitted by law, at the distribution rate per annum applicable to Series A Preferred Partner Interests. Such additional distributions shall be payable at the time the related deferred distribution is paid, but in any event by the end of such deferral period. Distributions declared on the Series A Preferred Partner Interests will be payable to the Series A Preferred Partners as they appear on the books and records of the Partnership on the relevant record dates, which will be one Business Day prior to the relevant payment dates, provided that if the Series A Preferred Partner Interests are not in book-entry-only form, the record dates will be the fifteenth day of each month.

(c) Redemption.

(i) The Series A Preferred Partner Interests are redeemable, at the option of the Partnership in whole or in part from time to time, on or after ______, [1999], at the Redemption Price (as defined below).

(ii) Upon payment when due or redemption at any time of the ___% Deferrable Interest Subordinated

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Debentures, Series A due ______, 204[3] (the "Debentures") issued by JCP&L pursuant to an Indenture dated as of ______, 1995 between JCP&L and United States Trust Company of New York, as Trustee (the "Indenture"), which Debentures were purchased by the Partnership from JCP&L with the proceeds from the issuance and sale of the Series A Preferred Partner Interests and the related capital contribution of the General Partner, the proceeds from such payment or redemption of the Debentures shall be applied to redeem the Series A Preferred Partner Interests at the redemption price of $25 per Preferred Partner Interest plus accumulated and unpaid distributions (whether or not declared) to the date fixed for redemption, together with any accrued additional distributions thereon (the "Redemption Price").

(iii) If at any time after the issuance of the Series A Preferred Partner Interests, the Partnership is or would be required to pay Additional Amounts (as defined below) or JCP&L is or would be required to withhold or deduct certain amounts pursuant to paragraph (e) hereof, then,

the Partnership may, at its option, redeem the Series A Preferred Partner Interests in whole or, if such requirement relates only to certain of the Series A Preferred Partner Interests, the Series A Preferred Partner Interests subject to such requirement, in each case at the Redemption Price.

(iv) If an Investment Company Act Event shall occur and be continuing, the Partnership shall elect to either: (1) redeem the Series A Preferred Partner Interests in whole but not in part at the Redemption Price within ninety (90) days following the occurrence of such Investment Company Act Event, provided that, if at the time there is available to the General Partner the opportunity to eliminate, within such ninety (90) day period, the Investment Company Act Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other

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similar reasonable measure which would not involve unreasonable cost or expense, which has no adverse effect on the Partnership or JCP&L, the General Partner will pursue such measure in lieu of redemption; or (2) dissolve the Partnership and, after satisfaction of liabilities to creditors, cause Debentures (and any rights to interest on such Debentures) with an aggregate principal amount equal to the aggregate stated liquidation preference of the outstanding Series A Preferred Partner Interests to be distributed to the holders of the Series A Preferred Partner Interests in liquidation of such holders' Interests in the Partnership, within ninety (90) days following the occurrence of such Investment Company Act Event, provided, however, that the Partnership shall have received an opinion of counsel (which may be regular tax counsel to JCP&L or an Affiliate but not an employee thereof) to the effect that the holders of the Series A Preferred Partner Interests will not recognize any gain or loss for federal income tax purposes as a result of such dissolution and distribution.

(v) If a Tax Event shall occur and be continuing, the Partnership may elect to: (1) redeem the Series A Preferred Partner Interests in whole (but not in part) at the Redemption Price within ninety (90) days following the occurrence of such Tax Event, provided that, if at the time there is available to the General Partner the opportunity to eliminate, within such ninety (90) day period, the Tax Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure which would not involve unreasonable cost or

expense, which has no adverse effect on the Partnership or JCP&L, the General Partner will pursue such measure in lieu of redemption; (2) dissolve the Partnership and, after satisfactions of liabilities to creditors, cause Debentures (and any rights to interest on such Debentures) with an aggregate principal amount equal to the aggregate

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stated liquidation preference of the outstanding Series A Preferred Partner Interests to be distributed to the holders of the Series A Preferred Partner Interests in liquidation of such holders' Interests in the Partnership, within ninety (90) days following the occurrence of such Tax Event, provided, however, that the Partnership shall have received an opinion of counsel (which may be regular tax counsel to JCP&L or an Affiliate but not an employee thereof) to the effect that the holders of the Series A Preferred Partner Interests will not recognize any gain or loss for federal income tax purposes as a result of such dissolution and distribution; or (3) have the Series A Preferred Partner Interests remain outstanding.

(d) Liquidation Distribution. In the event of any voluntary or involuntary dissolution and winding up of the Partnership (other than pursuant to paragraphs (c)(iv) or (c)(v) hereof), holders of the Series A Preferred Partner Interests at the time outstanding will be entitled to receive out of the assets of the Partnership available for distribution to holders of Preferred Partner Interests, after satisfaction of liabilities to creditors as required by the Delaware Act, before any distribution of assets is made to holders of the general partner interests, but together with holders of every other series of Preferred Partner Interests outstanding, an amount equal to, in the case of holders of Series A Preferred Partner Interests, the aggregate of the stated liquidation preference of $25 per Series A Preferred Partner Interest plus accumulated and unpaid distributions (whether or not declared) to the date of payment, together with any additional distributions accrued thereon and any accrued and unpaid Additional Amounts (the "Liquidation Distribution").

(e) Additional Amounts. All payments in respect of the Series A Preferred Partner Interests by the Partnership will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied upon or as a result of such payment by or on behalf of the United States, any state thereof or any other jurisdiction through which or from which such payment is made, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event that any such withholding or deduction is required as a consequence of (i) the Debentures not being treated as

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indebtedness for United States federal income tax purposes or (ii) the Partnership not being treated as a partnership for United States federal income tax purposes, the Partnership will pay as a distribution such additional amounts as may be necessary in order that the net amounts received by the holders of the Series A Preferred Partner Interests after such withholding or deduction will equal the amounts which would have been receivable in respect of such Preferred Partner Interests in the absence of such withholding or deduction ("Additional Amounts"), except that no such Additional Amounts will be payable to a holder of Series A Preferred Partner Interests (or a third party on such holder's behalf) with respect to Series A Preferred Partner Interests if:

(i) such holder is liable for such taxes, duties, assessments or governmental charges in respect of such Series A Preferred Partner Interests by reason of such holder's having a connection with the United States, any state thereof or any other jurisdiction through which or from which such payment is made, or in which such holder resides, conducts business or has other contacts, other than being a holder of Series A Preferred Partner Interests, or

(ii) the Partnership has notified such holder of the obligation to withhold or deduct taxes and requested but not received from such holder a declaration of non-residence, a valid taxpayer identification number or other claim for exemption, and such withholding or deduction would not have been required had such declaration, taxpayer identification number of claim been received.

(f) Subordination. The holders of Series A Preferred Partner Interests are deemed, by acceptance of such Interests, to have (i) agreed that the Debentures issued pursuant to the Indenture are subordinate and junior in right of payment to all Senior Indebtedness as and to the extent provided in the Indenture and (ii) agreed that the Guarantee relating to the Series A Preferred Partner Interests is subordinate and junior in right of payment to all Senior Indebtedness of JCP&L.

(g) The holders of the Series A Preferred Partner Interests shall have no voting rights except as provided in the Partnership Agreement or as required under the Delaware Act.

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IN WITNESS WHEREOF, the General Partner has executed this Action as of _______, 1995.

JCP&L PREFERRED CAPITAL, INC.

By:
Name:
Title:

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Exhibit A-8

JERSEY CENTRAL POWER & LIGHT COMPANY

AND

UNITED STATES TRUST COMPANY OF NEW YORK,

As Trustee

INDENTURE

Dated as of _____________ 1, 1995

Providing for the Issuance of Subordinated
Debentures in Series and for the
__% Deferrable Interest Subordinated Debentures,
Series A, due 2044

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INDENTURE BETWEEN JERSEY CENTRAL POWER & LIGHT COMPANY
AND UNITED STATES TRUST COMPANY OF NEW YORK
DATED AS OF _______________, 1995

TABLE OF CONTENTS

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions. 1

SECTION 1.02 Other Definitions. 6

SECTION 1.03 Incorporation by Reference of Trust Indenture Act. 7

SECTION 1.04 Rules of Construction. 7

SECTION 1.05 Acts of Holders. 8

ARTICLE 2
THE SECURITIES; THE SERIES A SECURITIES

SECTION 2.01 Issue of Securities Generally. 9

SECTION 2.02 Form of the Series A Securities; Denominations; Global Security. 10

SECTION 2.03 Execution and Authentication. 11

SECTION 2.04 Registrar and Paying Agent. 12

SECTION 2.05 Paying Agent to Hold Money in Trust. 13

SECTION 2.06 Securityholder Lists. 13

SECTION 2.07 Transfer and Exchange. 13

SECTION 2.08 Replacement Securities. 14

SECTION 2.09 Outstanding Securities; Determinations of Holders' Action. 15

SECTION 2.10 Temporary Securities. 16

SECTION 2.11 Cancellation. 17

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Please Consider the Environment Before Printing This Document

SECTION 2.12 CUSIP Numbers. 17

SECTION 2.13 Defaulted Interest. 17

ARTICLE 3
REDEMPTION

SECTION 3.01 Right to Redeem; Notice to Trustee. 18

SECTION 3.02 Selection of Securities to be Redeemed. . . 18

SECTION 3.03 Notice of Redemption. 19

SECTION 3.04 Effect of Notice of Redemption. 20

SECTION 3.05 Deposit of Redemption Price. 20

SECTION 3.06 Securities Redeemed in Part. 20

ARTICLE 4
COVENANTS

SECTION 4.01 Payment of the Securities. 20

SECTION 4.02 Prohibition Against Dividends, etc. During an Event of Default. 23

SECTION 4.03 SEC Reports. 23

SECTION 4.04 Compliance Certificates. 23

SECTION 4.05 Further Instruments and Acts. 24

SECTION 4.06 Investment Company Act. 24

SECTION 4.07 Payments for Consents. 24

ARTICLE 5
SUCCESSOR CORPORATION

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Please Consider the Environment Before Printing This Document

SECTION 5.01 When the Company May Merge, Etc. 24

ARTICLE 6
DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default. 25

SECTION 6.02 Acceleration. 27

SECTION 6.03 Other Remedies. 27

SECTION 6.04 Waiver of Past Defaults. 28

SECTION 6.05 Control by Majority. 28

SECTION 6.06 Limitation on Suits. 28

SECTION 6.07 Rights of Holders to Receive Payment. . . . 29

SECTION 6.08 Collection Suit by the Trustee. 29

SECTION 6.09 The Trustee May File Proofs of Claim. . . . 29

SECTION 6.10 Priorities. 30

SECTION 6.11 Undertaking for Costs. 30

SECTION 6.12 Waiver of Stay, Extension or Usury Laws. 31

ARTICLE 7
THE TRUSTEE

SECTION 7.01 Duties of the Trustee. 31

SECTION 7.02 Rights of the Trustee. 32

SECTION 7.03 Individual Rights of the Trustee. 33

SECTION 7.04 The Trustee's Disclaimer. 34

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Please Consider the Environment Before Printing This Document

SECTION 7.05 Notice of Defaults. 34

SECTION 7.06 Reports by Trustee to Holders. 34

SECTION 7.07 Compensation and Indemnity. 34

SECTION 7.08 Replacement of Trustee. 35

SECTION 7.09 Successor Trustee by Merger. 36

SECTION 7.10 Eligibility; Disqualification. 36

SECTION 7.11 Preferential Collection of Claims Against the Company. 37

ARTICLE 8
SATISFACTION AND DISCHARGE OF INDENTURE;
DEFEASANCE OF CERTAIN OBLIGATIONS; UNCLAIMED MONEYS

SECTION 8.01 Satisfaction and Discharge of Indenture. . . 37

SECTION 8.02 Application by Trustee of Funds Deposited for Payment of Securities. 38

SECTION 8.03 Repayment of Moneys Held by Paying Agent. . 38

SECTION 8.04 Return of Moneys Held by the Trustee and Paying Agent Unclaimed for Three Years. 38

ARTICLE 9
AMENDMENTS

SECTION 9.01 Without Consent of Holders. 39

SECTION 9.02 With Consent of Holders. 39

SECTION 9.03 Compliance with Trust Indenture Act. 40

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SECTION 9.04 Revocation and Effect Of Consents, Waivers and Actions. 41

SECTION 9.05 Notation on or Exchange of Securities. . . . 41

SECTION 9.06 Trustee to Sign Supplemental Indentures. . . 41

SECTION 9.07 Effect of Supplemental Indentures. 42

ARTICLE 10
SUBORDINATION

SECTION 10.01 Securities Subordinated to Senior Indebtedness. 42

SECTION 10.02 Priority and Payment of Proceeds in Certain Events; Remedies Standstill. 42

SECTION 10.03 Payments which May Be Made Prior to Notice. 44

SECTION 10.04 Rights of Holders of Senior Indebtedness Not to Be Impaired. 44

SECTION 10.05 Trustee May Take Action to Effectuate Subordination. 44

SECTION 10.06 Subrogation. 45

SECTION 10.07 Obligations of Company Unconditional; Reinstatement. 45

SECTION 10.08 Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice. 46

SECTION 10.09 Right of Trustee to Hold Senior Indebtedness. 47

ARTICLE 11
MISCELLANEOUS

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SECTION 11.01 Trust Indenture Act Controls 47

SECTION 11.02 Notices. 47

SECTION 11.03 Communication by Holders with Other Holders. 48

SECTION 11.04 Certificate and Opinion as to Conditions Precedent. 48

SECTION 11.05 Statements Required in Certificate or Opinion. 48

SECTION 11.06 Severability Clause. 49

SECTION 11.07 Rules by Trustee, Paying Agent and Registrar. 49

SECTION 11.08 Legal Holidays. 49

SECTION 11.09 Governing Law. 50

SECTION 11.10 No Recourse Against Others. 50

SECTION 11.11 Successors. 50

SECTION 11.12 Multiple Original Copies of this Indenture. 50

SECTION 11.13 No Adverse Interpretation of Other Agreements. 50

SECTION 11.14 Table of Contents; Headings, Etc. 50

SECTION 11.15 Benefits of the Indenture. 51

SIGNATURES 51

[FORM OF FACE OF THE SECURITY] 52

[FORM OF REVERSE SIDE OF SECURITY] 54

1. Payment of Interest and Additional Interest 54
2. Deferral of Interest 54
3. Method of Payment 54
4. Paying Agent and Registrar 55
5. Indenture 55
6. Redemption 55
7. Notice of Redemption 55
8. Subordination 56
9. Denominations; Transfer; Exchange 56
10. Persons Deemed Owners 56
11. Amendment; Waiver 56
12. Defaults and Remedies 57

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

13. Trustee Dealings with the Company 57
14. No Recourse Against Others 57
15. Abbreviations 58
16. Unclaimed Money 58
17. Discharge Prior to Maturity 58
18. Successor 58
19. Governing Law 58

ASSIGNMENT FORM 59

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INDENTURE, dated as of ___________ 1, 1995, by and between Jersey Central Power & Light Company, a New Jersey corporation (the "Company"), and United States Trust Company of New York, as trustee (the "Trustee").

Whereas, the Company desires to borrow money from time to time and to issue securities from time to time, in one or more series, including securities to be issued from time to time to one or more of its Subsidiaries, as in this Indenture provided; and

Whereas, the Company has authorized the issuance of the initial series of securities to be known as the __% Deferrable Interest Subordinated Debentures, Series A, due 2044 (the "Series A Securities"), and to provide therefor, the Company has duly authorized the execution and delivery of this Indenture, and all things necessary to make the Series A Securities when duly issued and executed by the Company and authenticated and delivered hereunder, the valid obligations of the Company, and to make this Indenture a valid and binding agreement of the Company, in accordance with its terms, have been done;

Now, therefore, each party, intending to be legally bound hereby, agrees as follows for the equal and ratable benefit of the Holders of the Series A Securities:

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ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. When used with respect to any Person, "control" means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board, and any resolution of the Board of Directors means any resolution of the Board of Directors or any committee thereof duly authorized to act on behalf of such Board.

"Business Day" means any day other than a day on which banking institutions in The City of New York are authorized or required by law to close.

"Capital Lease Obligations" of a Person means any obligation which is required to be classified and accounted for as a capital lease on the face of a balance sheet of such Person prepared in accordance with GAAP.

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock, including any Preferred Stock.

"Company" means Jersey Central Power & Light Company until a

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Successor replaces it pursuant to Article 5 of this Indenture and, thereafter, shall mean the Successor.

"Default" means any event which is, or after notice or passage of time, or both, would be, an Event of Default.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Guarantee" means the Payment and Guarantee Agreement, or other guaranty, if any, of the Company of the payment of periodic cash distributions, and payments on liquidation or redemption, with respect to the Preferred Securities of any series.

"Indenture" means this indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

"Interest Payment Date" means the interest payment date specified in the Securities.

"Issue Date" means the date on which the Securities are originally issued.

"JCP&L Capital" means JCP&L Capital, L. P., a Delaware limited partnership, all of the Voting Interests of which are indirectly owned by the Company through a Wholly Owned Subsidiary.

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"Officer" means, with respect to any corporation, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of such corporation.

"Officer's Certificate" means a written certificate containing the applicable information specified in Sections 11.04 and 11.05 hereof, signed in the name of the Company by any one of its Officers, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion containing the applicable information specified in Sections 11.04 and 11.05 hereof, by legal counsel who is reasonably acceptable to the Trustee.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Preferred Securities" means the securities representing limited partner interests of JCP&L Capital of any series with a preference in respect of cash distributions and amounts payable on liquidation over the Voting Interests indirectly owned by the Company.

"Preferred Stock" means any class of Capital Stock of an issuer that is preferred as to dividends or rights in liquidation as compared with any other class of Capital Stock of the same issuer.

"Record Date" with respect to any security means the date set to determine the holders of any security entitled to participate in any distribution, dividend, interest or other payment or to vote, consent, make a request or exercise any other right associated with such security.

"Redemption Date" or "redemption date" means the date specified for the redemption of Securities in accordance with the terms of the Securities and Article 3 of this Indenture.

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"Redemption Price" or "redemption price", with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture and the Securities.

"Regular Record Date", with respect to an interest payment on the Securities, means the date set forth on the face of the Securities for the determination of Holders entitled to receive payment of interest on the next succeeding interest payment date.

"SEC" or "Commission" means the Securities and Exchange Commission.

"Securities" means any of the securities of any series issued, authenticated and delivered under this Indenture.

"Series A Preferred Securities" means the securities representing limited partner interests of JCP&L Capital, with a preference in respect of cash distributions and amounts payable on liquidation over the Voting Interests indirectly owned by the Company, the proceeds of the sale of which are used by JCP&L Capital to purchase Series A Securities.

"Series A Securities" means any of the Company's __% Deferrable Interest Subordinated Debentures, Series A, due 2044, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Securityholder" or "Holder" means a Person in whose name a Security is registered on the Registrar's books.

"Senior Indebtedness" means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness

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of the Company for money borrowed and (B) indebtedness evidenced by securities, debentures, bonds or other similar instruments (including purchase money obligations) for payment of which the Company is responsible or liable; (ii) all Capital Lease Obligations of the Company; (iii) all obligations of the Company issued or assumed as the deferred purchase price of property, all conditional sale obligations of the Company and all obligations of the Company under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business); (iv) all obligations of the Company for the reimbursement of any obligor on any letter of credit, banker's acceptance, security purchase facility or similar credit

transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in (i) through (iii) above) entered into in the ordinary course of business of the Company to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by the Company of a demand for reimbursement following payment on the letter of credit); (v) all obligations of the type referred to in clauses (i) through (iv) of other Persons for the payment of which the Company is responsible or liable as obligor, guarantor or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (v) of other Persons secured by any lien on any property or asset of the Company (whether or not such obligation is assumed by the Company), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; provided, however, that Senior Indebtedness does not include endorsements of negotiable instruments for collection in the ordinary course of business. Notwithstanding anything to the contrary in the foregoing, Senior Indebtedness shall not include any indebtedness that is by its terms subordinated to or pari passu with the Securities or any indebtedness between or among the Company and any Affiliates.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory prepayment provision.

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"Subsidiary" means any corporation, association, partnership, limited liability company or other business entity of which more than 50% of the total voting power of all the Voting Stock or Voting Interests is at the time owned or controlled, directly or indirectly, by (i) the Company, (ii) the Company and one or more Subsidiaries, or (iii) one or more Subsidiaries.

"TIA" means the Trust Indenture Act of 1939, as amended and as in effect on the date of this Indenture; provided, however, that if the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

"Trust Officer" means the Chairman of the Board of Directors, the President, or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means the party named as the "Trustee" in the first paragraph of this Indenture until a successor replaces it

pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable at the issuer's option and repurchase obligations with respect to any of the foregoing entered into with any depository institution or trust company incorporated under the laws of the United States of America or any state thereof and subject to the supervision and examination by federal and/or state banking authorities if such repurchase obligation is by its terms to be performed by the repurchaser within 30 days of the repurchase agreement.

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"Voting Interests" means interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or a trustee of an entity or to direct the management of the affairs of such entity.

"Voting Stock" means, with respect to a corporation, all classes of Capital Stock then outstanding of such corporation normally entitled to vote in elections of directors.

"Wholly Owned Subsidiary" means a Subsidiary all the Voting Stock or Voting Interests of which (other than directors' qualifying shares) are owned by the Company or another Wholly Owned Subsidiary.

SECTION 1.02 Other Definitions.

TERM	DEFINED IN SECTION
"Act"	1.05
"Additional Interest.	4.01
"Bankruptcy Law"	6.01
"Control"	1.01
"Custodian"	6.01
"Event of Default".	6.01
"Extension Period".	4.01
"Legal Holiday"	11.08
"Notice of Default"	6.01
"Paying Agent"	2.04
"Register"	2.04
"Registrar"	2.04
"Successor"	5.01

SECTION 1.03 Incorporation by Reference of Trust Indenture Act.

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Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Holder or Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company and any other obligor on the Securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.04 Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

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(4) "including" means including, without limitation;

(5) words in the singular include the plural, and words in the plural include the singular;

(6) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(7) whenever the masculine gender is used herein, it shall be deemed to include the female gender and the neuter, as well.

SECTION 1.05. Acts of Holders.

(1) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(2) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Trustee deems sufficient.

(3) The ownership of Securities shall be proved by the Register.

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(4) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(5) If the Company solicits from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a resolution of its Board of Directors, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding Securities shall be computed as of such record date.

ARTICLE 2
THE SECURITIES; THE SERIES A SECURITIES

SECTION 2.01 Issue of Securities Generally.

The Securities may be issued in one or more series as from time to time shall be authorized by the Board of Directors.

The Securities of each series and the Trustee's Certificate of Authentication shall be substantially in the forms to be attached
as exhibits to this Indenture or supplemental indenture providing for their issuance, but in the case of Securities other than

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Series A Securities, with such inclusions, omissions and variations as are authorized or permitted by this Indenture. The Securities may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange on which the Securities may be listed, or to conform to usage. Each Security shall be dated the date of its authentication.

The several series of Securities may differ from the Series A Securities, and as and between series, in respect of any or all of the following matters:

(a) designation;

(b) date or dates of maturity, which may be serial;

(c) rate (or method of determining the rate) of interest or Additional Interest;

(d) interest payment dates and the frequency of interest payments;

(e) provisions, if any, authorizing the Company to extend the interest payment dates;

(f) authorized denominations;

(g) the place or places for the payment of principal and for the payment of interest;

(h) limitation, if any, upon the aggregate principal amount of Securities of the series which may be issued;

(i) provisions, if any, with regard to any obligation of the Company to permit the exchange of the Securities of such series into stock or other securities of the Company or of any other corporations or entities;

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(j) provisions, if any, reserving to the Company the right to redeem all or any part of the Securities of such series before maturity at such time or times, upon such notice and at such redemption price or prices (together with accrued interest to the date of redemption) as may be specified in the respective forms of Securities;

(k) provisions, if any, for any sinking or analogous fund with respect to the Securities of such series; and

(l) any other provisions expressing or referring to the terms and conditions upon which the Securities of such series are to be issued under this Indenture which are not in conflict with the provisions of this Indenture;

in each case as determined and specified by the Board of Directors. The Trustee shall not authenticate and deliver Securities of any series (other than the Series A Securities) upon initial issue unless the terms and conditions of such series shall have been set forth in a supplemental indenture entered into between the Company and the Trustee as provided in Section 9.01 hereof.

SECTION 2.02 Form of the Series A Securities; Denominations; Global Security.

The Series A Securities and the Trustee's Certificate of Authentication shall be substantially in the form of Exhibit A attached hereto. The terms and provisions contained in the Series A Securities, a form of which is annexed hereto as Exhibit A,

shall constitute, and are hereby expressly made, a part of this Indenture. The Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

The Trustee shall authenticate and make available for delivery Series A Securities for original issue in the aggregate principal amount of $___________ for issuance to JCP&L Capital in consideration of a cash payment equal to the principal amount

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thereof, upon a resolution of the Board of Directors and a written order of the Company signed by two Officers of the Company, but without any further action by the Company. Such order shall specify the date on which the original issue of the Series A Securities is to be authenticated and delivered. The aggregate principal amount of Series A Securities outstanding at any time may not exceed $___________, except as provided in Section 2.08 hereof.

The Series A Securities shall be issuable only in registered form without coupons and only in denominations of $25.00 and any integral multiple thereof.

Initially, the Series A Securities shall be issued as a temporary certificate in global form, that is, as one Security for the total principal amount of the Series A Securities to be outstanding, registered in the name of JCP&L Capital. If and when the Series A Securities are registered in the name of a custodian, the custodian shall be responsible for maintaining records of the names and addresses of, and the principal amounts owned by, the beneficial owners of its global Security. After initial issuance, the Series A Securities may be transferred or exchanged in accordance with Section 2.07 hereof.

SECTION 2.03 Execution and Authentication.

The Securities shall be executed on behalf of the Company by its Chief Executive Officer, its President or one of its Vice Presidents, under its corporate seal imprinted or reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any such Officer on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

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No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a Certificate of Authentication duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and made available for delivery hereunder.

The Trustee shall act as the initial authenticating agent. Thereafter, the Trustee, with the concurrence of the Company, may appoint an authenticating agent. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as a Paying Agent to deal with the Company or an Affiliate of the Company.

SECTION 2.04 Registrar and Paying Agent.

The Company shall maintain or cause to be maintained, within the State of New York, an office or agency where the Securities may be presented for registration of transfer or for exchange ("Registrar"), an office or agency where Securities may be presented or surrendered for redemption or payment ("Paying Agent"), and an office or agency where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Registrar shall keep a register (the "Register") of the Securities and of their transfer and exchange. The Register shall be open to inspection by the Company and the Trustee at all reasonable times. The Company may have one or more co-Registrars and one or more additional Paying Agents. The terms Paying Agent and Registrar include any additional paying agent and co-Registrar. The corporate trust office of the Trustee at 114 West 47th Street, New York, New York, 10036, Attention: Corporate Trust Department, Department B, shall initially be the location for the Registrar, Paying Agent and agent for service of notice or demands on the Company.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-Registrar (if not the Trustee or the Company). The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall give prompt written notice to the Trustee of any change of location of such office or agency. If at any time the Company shall fail to maintain or cause to be maintained any such required office or agency or shall fail to furnish the Trustee

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with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 11.02 hereof. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent or agent for service of notices or demands, the Trustee shall act as such and shall be

entitled to appropriate compensation therefor pursuant to Section 7.07 hereof. The Company or any Affiliate of the Company may act as Paying Agent, Registrar or co-Registrar or agent for service of notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in location of any such other office or agency.

SECTION 2.05 Paying Agent to Hold Money in Trust.

Except as otherwise provided herein, prior to each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum of money sufficient to pay such principal and interest so becoming due. The Company shall require each Paying Agent (other than the Trustee or the Company) to agree in writing that such Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by the Paying Agent for the payment of principal and interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, the Paying Agent shall, upon the request of the Trustee, forthwith pay to the Trustee all money so held in trust and account for any money disbursed by it. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any money disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money so paid over to the Trustee. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund.

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SECTION 2.06 Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall cause to be furnished to the Trustee on or before the Record Date for each interest payment date and at such other times as the Trustee may request in writing, within five Business Days of such request, a list, in such form as the Trustee may reasonably require, of the names and addresses of Securityholders.

SECTION 2.07 Transfer and Exchange.

When Securities of any series are presented to the Registrar or a co-Registrar with a request to register the transfer or to exchange them for an equal principal amount of Securities of the same series of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met. To permit registrations of transfer and exchanges of Securities of any series, the Company shall execute and the Trustee shall authenticate Securities of the same series, all at the Registrar's request.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the Holder or his attorney duly authorized in writing.

The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the

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Securityholder requesting such transfer or exchange (other than any exchange of a temporary Security for a definitive Security not involving any change in ownership).

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of (a) any Security for a period beginning at the opening of business five days before the mailing of a notice of redemption of Securities and ending at the close of business on the day of such mailing or (b) any Security selected, called or being called for redemption, except, in the case of any Security to be redeemed in part, the portion thereof not to be redeemed.

SECTION 2.08 Replacement Securities.

If (a) any mutilated Security is surrendered to the Company or the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute in exchange for any such mutilated Security of any series or in lieu of any such destroyed, lost or stolen Security of any series, a new Security of the same series and of like tenor and principal amount, bearing a number not contemporaneously outstanding, and the

Trustee shall authenticate and make such new Security available for delivery.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be redeemed by the Company pursuant to Article 3 hereof, the Company in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section 2.08, the Company may require the payment of a sum sufficient to

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cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Security issued pursuant to this Section 2.08 in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and ratably with any and all other Securities duly issued hereunder.

The provisions of this Section 2.08 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 2.09 Outstanding Securities; Determinations of Holders' Action.

Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those mutilated, destroyed, lost or stolen Securities referred to in Section 2.08 hereof, those redeemed by the Company pursuant to Article 3 hereof, and those described in this Section 2.09 as not outstanding. A Security does not cease to be outstanding because the Company or a Subsidiary or Affiliate thereof holds the Security; provided, however, that in determining whether the Holders of the requisite principal amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any Affiliate or Subsidiary of the Company (other than JCP&L Capital, so long as any of its Preferred Securities are outstanding) shall be disregarded and deemed not to be outstanding; provided, further, that if the Trustee is making such determination, it shall disregard only such Securities as it knows to be owned by the Company or any Affiliate or Subsidiary thereof. Securities owned by JCP&L

Capital shall be deemed to be outstanding, so long as any of its

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Preferred Securities are outstanding.

Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including determinations pursuant to Articles 3, 6 and 9).

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the Paying Agent (other than the Company) holds, in accordance with this Indenture, whenever payment of principal on the Securities is due, whether at Stated Maturity, upon acceleration or on a Redemption Date, money sufficient to pay the Securities payable on that date, then immediately on the date of Stated Maturity, upon acceleration or on such Redemption Date, as the case may be, such Securities shall cease to be outstanding, and interest, if any, on such Securities shall cease to accrue.

SECTION 2.10 Temporary Securities.

Until definitive Securities are ready for delivery, the Company may execute temporary Securities, and upon the Company's written request, signed by two Officers of the Company, the Trustee shall authenticate and make such temporary Securities available for delivery. Temporary Securities shall be printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities of the same series in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Officers of the Company executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities of any series are issued (except for the global form of certificate issued initially as described in Section 2.02 hereof), the Company shall cause definitive Securities of the same series to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities of the same series shall be exchangeable for such definitive Securities upon surrender of such temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.04 hereof, without charge to the Holder. Upon surrender for cancellation of any one or more

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temporary Securities of any series, the Company shall execute a like principal amount of definitive Securities of the same series of authorized denominations, and the Trustee, upon written

request of the Company signed by two Officers of the Company, shall authenticate and make such Securities available for delivery in exchange therefor. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 2.11 Cancellation.

All Securities surrendered for payment, redemption by the Company pursuant to Article 3 hereof or registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and made available for delivery hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. The Company may not reissue, or issue new Securities to replace, Securities it has paid or delivered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section 2.11, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be destroyed by the Trustee, and the Trustee shall deliver a certificate of destruction to the Company.

SECTION 2.12 CUSIP Numbers.

The Company, in issuing the Securities of any series, may use "CUSIP" numbers applicable to such series (if then generally in use), and the Trustee shall use CUSIP numbers in notices of redemption or exchange as a convenience to Holders; provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption or exchange and that reliance may be placed only on the other identification numbers printed on the Securities and any redemption shall not be affected by any defect in or omission of

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such numbers.

SECTION 2.13 Defaulted Interest.

If the Company defaults in a payment of interest on the Securities on the interest payment date, it shall pay the defaulted interest, plus (to the extent lawful) any interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, and such special record date, as used in this Section 2.13 with respect to the payment of any defaulted interest, shall mean the 15th day next preceding the date fixed by the Company for the payment of defaulted interest, whether or not such day is a Business Day. At least 15 days before the subsequent special record date, the Company shall

mail to each Holder and to the Trustee a notice that states the subsequent special record date, the payment date and the amount of defaulted interest to be paid.

ARTICLE 3
REDEMPTION

SECTION 3.01 Right to Redeem; Notice to Trustee.

(a) The Company, at its option, may redeem the Securities pursuant to paragraph 6 of the Securities. The Company may not redeem (or otherwise purchase) less than all of the Securities of any series if as a result of such partial redemption (or purchase) such series of the Securities would be delisted from any national securities exchange on which they are then listed, and in such case if the Company elects to redeem (or otherwise purchase) any of the Securities of such series, it shall redeem (or otherwise purchase) all of them. If paragraph 6 of the Securities authorizes the Company to redeem Securities based on an obligation to pay Additional Interest, the Company may not redeem such Securities based solely upon such obligation, unless it receives an Opinion of Counsel that more than an insubstantial risk exists that JCP&L Capital would have to pay certain

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penalties, interest or tax if it fails to withhold or deduct certain amounts from the distributions to the holders of the series of Preferred Securities, the proceeds of the sale of which were used by JCP&L Capital to purchase the Securities proposed to be redeemed by the Company, or that the Company would be obligated to pay certain penalties, interest or tax if it fails to withhold or deduct certain amounts in connection with payments with respect to such Securities. In no event shall the Company redeem such Securities based on an obligation to pay Additional Interest if the amount of the Additional Interest is de minimus. If as a result of the redemption by JCP&L Capital of any series of Preferred Securities, such series would be delisted from any national securities exchange on which such series is then listed, the Company shall also redeem all of the Securities that were purchased by JCP&L Capital with the proceeds from the sale of such series of Preferred Securities.

(b) If the Company elects to redeem Securities pursuant to paragraph 6 of the Securities, it shall notify the Trustee in writing of the Redemption Date, the aggregate principal amount of Securities to be redeemed and the Redemption Price. The Company shall give such notice to the Trustee at least 45 days before the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee).

SECTION 3.02 Selection of Securities to be Redeemed.

If less than all the outstanding Securities of any series are to be redeemed at any time, the Trustee shall select the Securities of such series to be redeemed in compliance with the requirements of the principal national securities exchange, if any, on which the Securities are listed, or if the Securities are not listed on a national securities exchange, on a pro rata basis, by lot or, any other method the Trustee considers fair and appropriate. If all of the Securities of the series to be partially redeemed are held in global form by the Depository Trust Company or any successor securities depository, as custodian, it shall select the Securities by lot. The Trustee shall make the selection at least 30 days, but not more than 90 days, before the Redemption Date from outstanding Securities not previously called for redemption. Securities and portions of them

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the Trustee selects shall be in authorized denominations only. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

SECTION 3.03 Notice of Redemption.

At least 30 days but not more than 90 days before a Redemption Date, the Company shall mail or cause to be mailed a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed at the Holder's last address, as it appears on the Register. A copy of such notice shall be mailed to the Trustee when the notice is mailed to Holders of Securities. At the Company's written request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

The notice shall identify the Securities (by series and by certificate number) to be redeemed, the provision of the Securities or this Indenture pursuant to which the Securities called for redemption are being redeemed and shall state:

(1) the Redemption Date;

(2) the Redemption Price;

(3) the CUSIP number (subject to Section 2.12 hereof);

(4) the name and address of the Paying Agent;

(5) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(6) if fewer than all the outstanding Securities of any series are to be redeemed, the identification and principal

amounts of the particular Securities to be redeemed and that, on and after the Redemption Date, upon surrender of such Securities, a new Security or Securities of the same series in principal amount equal to the unredeemed portion thereof will be issued;

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and

(7) that, unless the Company defaults in making such redemption payment, interest will cease to accrue on Securities called for redemption on and after the Redemption Date.

SECTION 3.04 Effect of Notice of Redemption.

After notice of redemption is given, all Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price. Upon the later of the Redemption Date and the date such Securities are surrendered to the Trustee or the Paying Agent, such Securities shall be paid at the Redemption Price, plus accrued and unpaid interest and Additional Interest thereon, if any, and accrued interest thereon, to the Redemption Date.

SECTION 3.05 Deposit of Redemption Price.

On or prior to a Redemption Date, the Company shall irrevocably deposit with the Trustee or the Paying Agent (or if the Company or an Affiliate is the Paying Agent, the Company shall segregate and hold in trust or cause such Affiliate to segregate and hold in trust) money sufficient to pay the Redemption Price of, and accrued and unpaid interest, including Additional Interest, if any, and accrued interest thereon, on all Securities to be redeemed on that date. After the Redemption Date, interest ceases to accrue on the Securities to be redeemed with respect to which the Company has deposited sufficient money to pay the Redemption Price and accrued interest whether or not such Securities are surrendered for payment. Subject to applicable law, the Trustee or the Paying Agent shall return to the Company three years after the Redemption Date any money deposited with it and not applied for redemption.

SECTION 3.06 Securities Redeemed in Part.

Upon surrender of a Security of any series that is redeemed in part, the Trustee shall authenticate for the Holder a new Security of the same series equal in principal amount to the unredeemed portion of such Security.

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ARTICLE 4
COVENANTS

SECTION 4.01 Payment of the Securities.

(a) The Company shall pay the principal of and interest (including interest accruing on or after the filing of a petition in bankruptcy or reorganization relating to the Company, whether or not a claim for post-filing interest is allowed in such proceeding) on the Securities on the dates and in the manner provided in the Securities or pursuant to this Indenture. An installment of principal or interest shall be considered paid on the applicable date due if on such date the Trustee or the Paying Agent holds, in accordance with this Indenture, money sufficient to pay all of such installment then due. The Company shall pay interest on overdue principal and interest on overdue installments of interest (including interest accruing during an Extension Period (as hereinafter defined) and/or on or after the filing of a petition in bankruptcy or reorganization relating to the Company, whether or not a claim for post-filing interest is allowed in such proceeding), to the extent lawful, at the rate per annum borne by the Securities in default, which interest on overdue interest shall accrue from the date such amounts became overdue, or from such other date as may be specified in the Securities.

(b) Notwithstanding paragraph (a) of this Section 4.01 or any other provision herein to the contrary, if before an event occurs which, under the terms of the Series A Preferred Securities, results in a distribution of Series A Securities to the holders of the Series A Preferred Securities in liquidation of their interests in JCP&L Capital, the Company makes a payment under the Guarantee, the Company shall receive a credit for any payment it makes (i) in lieu of a periodic distribution to the holders of the Series A Preferred Securities pursuant to the Guarantee, and the Company shall have no obligation to pay interest on the Series A Securities in the amount of such payment and (ii) in lieu of a liquidation or redemption distribution to the holders of the Series A Preferred Securities pursuant to the Guarantee, and the Company shall have no obligation to pay the principal of the Series A Securities in the amount of such payment. The Company shall notify the Trustee and the Holders of any credit to which it is entitled hereunder.

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(c) Notwithstanding paragraph (a) of this Section 4.01 or any other provision herein to the contrary, the Company shall have the right in its sole and absolute discretion at any time and from time to time while the Series A Securities are outstanding, so long as an Event of Default under Section 6.01(a) hereof has not occurred and is not continuing, to extend the interest payment period for up to 60 consecutive months, but not beyond the Stated Maturity of such Securities, provided that at the end of each such period (referred to herein as an "Extension Period") the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate specified in

the title of the Series A Securities to the extent permitted by applicable law); and provided that, during any such Extension Period, neither the Company nor any Subsidiary, (i) shall declare or pay any dividend on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its Capital Stock (other than dividends paid to the Company by a Wholly Owned Subsidiary), or (ii) pay any interest on any Securities of any other series then outstanding. Prior to the termination of an Extension Period, the Company may shorten or may further extend the interest payment period, provided that such Extension Period together with all such further extensions may not exceed 60 consecutive months. If JCP&L Capital is the sole holder of the Securities, the Company shall give JCP&L Capital notice of its selection of such extended interest payment period one Business Day prior to the earlier of (i) the date any distributions on Preferred Securities are payable or (ii) the date JCP&L Capital is required to give notice to any national securities exchange on which the Preferred Securities are listed or other applicable self-regulatory organization or to the holders of the Preferred Securities of the record date or the date such distribution is payable, but in any event not less than one Business Day prior to such record date. The Company shall cause JCP&L Capital to give notice of the Company's selection of such extended interest payment period to the holders of the Preferred Securities. If JCP&L Capital shall not be the sole holder of the Securities, the Company will give the holders of the Securities notice of its selection of such extended interest payment period ten Business Days prior to the earlier of (i) the Interest Payment Date or (ii) the date the Company is required to give notice of the record or payment date of such related interest payment to any national securities exchange on which the Securities are then

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listed or other applicable self-regulatory organization or to holders of the Securities, but in any event not less than two Business Days prior to such record date. The Company shall give or cause the Trustee to give such notice of the Company's selection of such extended interest payment period to the Holders.

(d) If and when JCP&L Capital is required to pay, (i) as an additional distribution with respect to the Series A Preferred Securities, an amount equal to any federal, state or other taxes, duties, assessments or governmental charges of whatever nature, that have been withheld or deducted from the distributions to the holders of the Series A Preferred Securities, or (ii) any other federal, state or local taxes, duties, assessments or governmental charges of whatever nature, the Company shall pay additional interest ("Additional Interest") on the Series A Securities in an amount equal to such additional distribution and such other taxes, duties, assessments and charges. The Company shall furnish the Trustee with an Officer's Certificate or other written notice reporting the events described in this subsection and their consequences.

(e) If and when JCP&L Capital redeems the Series A Preferred Securities in accordance with their terms, the Series A Securities shall become due and payable in a principal amount equal to the aggregate stated liquidation preference of such Series A Preferred Securities, together with all accrued and unpaid interest, including Additional Interest, if any, and accrued interest thereon to the date of payment. The Company shall furnish the Trustee with an Officer's Certificate or other written notice reporting the events described in this subsection and their consequences.

SECTION 4.02 Prohibition Against Dividends, etc. During an Event of Default.

Neither the Company nor any Subsidiary shall declare or pay any dividend on, or redeem, purchase, acquire or make a

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liquidation payment with respect to, any of its Capital Stock, other than dividends paid to the Company by a Wholly Owned Subsidiary, if at such time (a) there shall have occurred any event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default under Section 6.01 hereof, or (b) any Preferred Securities are at the time outstanding and the Company is in default under the Guarantee.

SECTION 4.03 SEC Reports.

The Company shall file with the Trustee, within 15 days after it files them with the SEC, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Sections 13 or 15(d) of the Exchange Act. If the Company is not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act, the Company shall file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations. The Company shall also comply with the provisions of Section 314(a) of the TIA.

SECTION 4.04 Compliance Certificates.

(a) The Company shall deliver to the Trustee within 90 days after the end of each of the Company's fiscal years an Officer's Certificate, stating whether or not the signer knows of any Default or Event of Default. Such certificate shall contain a certification from the principal executive officer, principal

financial officer or principal accounting officer of the Company as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Section 4.04(a), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture. If such Officer does know of such a Default or Event of Default, the certificate shall describe any such

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Default or Event of Default, and its status. Such Officer's Certificate need not comply with Section 11.04 hereof.

(b) The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee, as promptly as practicable after any Officer becomes aware of any continuing Default or Event of Default, an Officer's Certificate specifying such Default, Event of Default or other default and what action the Company is taking or proposes to take with respect thereto.

(c) The Company shall deliver to the Trustee any information reasonably requested by the Trustee in connection with the compliance by the Trustee or the Company with the TIA.

SECTION 4.05 Further Instruments and Acts.

Upon request of the Trustee, the Company shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

SECTION 4.06 Investment Company Act.

The Company shall not become an investment company subject to registration under the Investment Company Act of 1940, as amended.

SECTION 4.07 Payments for Consents.

Neither the Company nor any Subsidiary shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Securities for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Securities unless such consideration is offered to be paid or agreed to be paid to all Holders of the Securities who so consent, waive or agree to amend in the time frame set forth in the documents soliciting such consent, waiver or agreement.

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ARTICLE 5
SUCCESSOR CORPORATION

SECTION 5.01 When the Company May Merge, Etc.

The Company may not consolidate with or merge with or into, or sell, convey, transfer or lease all or substantially all of its assets (either in one transaction or a series of transactions) to, any Person unless:

(1) the Person formed by or surviving such consolidation or merger or to which such sale, conveyance, transfer or lease shall have been made (the "Successor") if other than the Company, is organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, and the Successor (a) shall expressly assume by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Securities and the Indenture, and (b) if any Preferred Securities are then outstanding, the Successor shall expressly assume the Company's obligations under the Guarantee, and shall become or acquire the general partner of JCP&L Capital; and

(2) the Company delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, conveyance, transfer or lease and such supplemental indenture comply with this Indenture.

The Successor will be the successor to the Company, and will be substituted for, and may exercise every right and power and become the obligor on the Securities with the same effect as if the Successor had been named as, the Company herein. The predecessor shall be released from the obligations of the Company set forth in this Indenture and in the Securities.

ARTICLE 6
DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default.

An "Event of Default" occurs if one of the following shall have occurred and be continuing:

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(1) The Company defaults in the payment, when due and payable, of (a) interest on any Security or Additional Interest, if any, and the default continues for a period of 15 days, or (b) the principal of any Security when the same becomes due and payable at maturity, upon acceleration, on any Redemption Date, or otherwise; provided that the failure of the Company to pay interest or Additional Interest on any series of Securities during an Extension Period applicable to the Securities of such series shall not constitute a default hereunder;

(2) The Company defaults in the performance of, fails to comply with, any of its other covenants or agreements in the Securities or this Indenture and such failure continues for 30 days after receipt by the Company of a "Notice of Default";

(3) The Company, pursuant to or within the meaning of any Bankruptcy Law:

(a) commences a voluntary case or proceeding;

(b) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(c) consents to the appointment of a Custodian of it or for all or substantially all of its property, and such Custodian is not discharged within 90 days;

(d) makes a general assignment for the benefit of its creditors; or

(e) admits in writing its inability to pay its debts generally as they become due; or

(4) A court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief against the Company in an involuntary case or proceeding;

(b) appoints a Custodian of the Company or for all or

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substantially all of its properties; or

(c) orders the liquidation of the Company;

and in each case the order or decree remains unstayed and in effect for 90 days.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. "Custodian" means any receiver, trustee, assignee, liquidator, sequestrator, custodian or similar official under any Bankruptcy Law.

A Default under clause (2) above is not an Event of Default until the Trustee notifies the Company, or the Holders of at least a majority in aggregate principal amount of the Securities at the time outstanding notify the Company and the Trustee, of the Default and the Company does not cure such Default within the time specified in clause (2) above after receipt of such notice. Any such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

SECTION 6.02 Acceleration.

If any Event of Default other than an Event of Default under clauses (3) or (4) of Section 6.01 hereof occurs and is continuing, the Trustee may, by notice to the Company, or the Holders of at least a majority in aggregate principal amount of the Securities at the time outstanding may, by notice to the Company and the Trustee (each, an "Acceleration Notice"), and the Trustee shall, upon the request of such Holders, declare the principal of and accrued and unpaid interest, including Additional Interest, if any, and accrued interest thereon, on all

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of the Securities to be due and payable. Upon such a declaration, such principal and interest shall be due and payable immediately.

The Company shall deliver to the Trustee, as promptly as practicable after it obtains knowledge thereof, written notice in the form of an Officer's Certificate of any event which with the giving of notice and the lapse of time would become an Event of Default under clause (2) of Section 6.01 hereof, its status and what action the Company is taking or proposes to take with respect thereto.

If an Event of Default specified in clauses (3) or (4) of Section 6.01 hereof occurs, the principal of and interest, including Additional Interest, if any, on all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders.

The Holders of a majority in aggregate principal amount of the Securities at the time outstanding, by notice to the Trustee, may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03 Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may, in its own name or as trustee of an express trust, institute, pursue and prosecute any proceeding, including, without limitation, any action at law or suit in equity or other judicial or administrative proceeding to collect the payment of principal of or interest on the Securities, or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may maintain a proceeding even if it does not

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possess any of the Securities or does not produce any of the Securities in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of, or acquiescence in, the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04 Waiver of Past Defaults.

Subject to Section 6.07 hereof, the Holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding, by notice to the Trustee (and without notice to any other Securityholder), may waive an existing Default or Event of Default affecting the Securities of such series and its consequences. When a Default is waived, it is deemed cured and shall cease to exist, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05 Control by Majority.

The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines in good faith is unduly prejudicial to the rights of other Securityholders or would involve the Trustee in personal liability. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 6.06 Limitation on Suits.

Except as provided in Section 6.07 hereof, a Securityholder may not pursue any remedy with respect to this Indenture or the Securities unless:

(1) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

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(2) the Holders of at least a majority in aggregate principal amount of the Securities at the time outstanding make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee reasonable security and indemnity against any loss, liability or expense satisfactory to the Trustee;

(4) the Trustee does not comply with the request within 60 days after receipt of the notice, the request and the offer of security and indemnity; and

(5) the Holders of a majority in aggregate principal amount of the Securities at the time outstanding do not give the Trustee a direction inconsistent with the request during such 60 days.

A Securityholder may not use this Indenture to prejudice the rights of any other Securityholder or to obtain a preference or priority over any other Securityholder.

SECTION 6.07 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the principal amount of or interest on the Securities held by such Holder, on or after the respective due dates expressed in the Securities (in the case of interest, as the same may be extended pursuant to the provisions of this Indenture and the Securities) or any Redemption Date, or to bring suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected adversely without the consent of each such Holder.

SECTION 6.08 Collection Suit by the Trustee.

If an Event of Default described in Section 6.01(1) hereof occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or any obligor on the Securities for the whole amount owing with respect to the Securities and the amounts provided for in Section 7.07 hereof.

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SECTION 6.09 The Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relating to the Company

or its properties or assets, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise:

(1) to file and prove a claim for the whole amount of the principal amount and interest on the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10 Priorities.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

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FIRST: to the Trustee for amounts due under Section 7.07 hereof;

SECOND: to Securityholders for amounts due and unpaid on the Securities for the principal amount, Redemption Price or interest, if any, as the case may be, ratably, without preference or priority of any kind, according to such amounts due and payable on the Securities; and

THIRD: the balance, if any, to the Company.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 6.10.

SECTION 6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant (other than the Trustee) in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof or a suit by Holders of more than 10% in aggregate principal amount of the Securities at the time outstanding.

SECTION 6.12 Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, that would prohibit or forgive the Company from paying all or any portion of the principal or interest on the Securities as contemplated herein or affect the covenants or the performance by the Company of its

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obligations under this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
THE TRUSTEE

SECTION 7.01 Duties of the Trustee.

(1) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(2) Except during the continuance of an Event of Default, (a) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others; and (b) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee

shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) No provision in this Indenture shall relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(a) this paragraph (3) does not limit the effect of paragraphs (1) and (2) of this Section 7.01;

(b) the Trustee shall not be liable for any error of

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judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof; and

(d) the Trustee may refuse to perform any duty or exercise any right or power or extend or risk its own funds or otherwise incur any financial liability unless it receives security and indemnity reasonably satisfactory to it against any loss, liability or expense.

(4) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (1), (2), (3) and (5) of this Section 7.01 and to Section 7.02.

(5) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall not be liable for interest on any money held by it hereunder.

SECTION 7.02 Rights of the Trustee.

Except as otherwise provided in Section 7.01 hereof:

(1) the Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the

books, records and premises of the Company, personally or by

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agent or attorney;

(2) whenever the Trustee is requested by the Company to act or refrain from acting hereunder, the Trustee may require an Officer's Certificate directing it to act or refrain from so acting, and, if appropriate, an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in the absence of bad faith in reliance on such Officer's Certificate and Opinion of Counsel;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may in the absence of bad faith on its part, rely upon an Officer's Certificate;

(4) the Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care;

(5) the Trustee shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers;

(6) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon; and

(7) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

SECTION 7.03 Individual Rights of the Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not the Trustee. Any Paying Agent, Registrar or

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co-Registrar may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11 hereof.

SECTION 7.04 The Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in this Indenture or the Securities or any report or certificate issued by the Company hereunder (other than the Trustee's Certificate of Authentication), or the determination as to which beneficial owners are entitled to receive any notices hereunder.

SECTION 7.05 Notice of Defaults.

If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder, as their names and addresses appear on the Security Register, notice of the Default within 90 days after it becomes known to the Trustee unless such Default shall have been cured or waived. Except in the case of a Default described in Section 6.01(1) hereof, the Trustee may withhold such notice if and so long as a committee of Trust Officers in good faith determines that the withholding of such notice is in the interests of Securityholders. The second sentence of this Section 7.05 shall be in lieu of the proviso to TIA Section 315(b). Said proviso is hereby expressly excluded from this Indenture, as permitted by the TIA.

SECTION 7.06 Reports by Trustee to Holders.

Within 60 days after each May 31 beginning with the May 31 next following the date of this Indenture, the Trustee shall mail to each Securityholder a brief report dated as of such May 31 in accordance with and to the extent required under TIA Section 313.

A copy of each report at the time of its mailing to

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Securityholders shall be filed with the Company, the SEC and each securities exchange on which the Securities are listed. The Company agrees to promptly notify the Trustee whenever the Securities become listed on any securities exchange and of any delisting thereof.

SECTION 7.07 Compensation and Indemnity.

The Company agrees:

(1) to pay to the Trustee from time to time such compensation as shall be agreed in writing between the Company and the Trustee for all services rendered by it hereunder (which

compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and advances of its agents and counsel), including all reasonable expenses and advances incurred or made by the Trustee in connection with any membership on any creditors' committee, except any such expense or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee, its officers, directors and shareholders, for, and to hold it harmless against, any and all loss, liability or expense, incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall have a claim and lien prior to the Securities as to all property and funds held by it hereunder for any amount owing it or any predecessor Trustee pursuant to this

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Section 7.07, except with respect to funds held in trust for the payment of principal of or interest on particular Securities.

The Company's payment obligations pursuant to this Section 7.07 are not subject to Article 10 of this Indenture and shall survive the discharge of this Indenture. When the Trustee renders services or incurs expenses after the occurrence of a Default specified in Section 6.01 hereof, the compensation for services and expenses are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08 Replacement of Trustee.

The Trustee may resign by so notifying the Company in writing at least 30 days prior to the date of the proposed resignation; provided, however, no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 7.08. The Holders of a majority in aggregate principal amount of the Securities at the time outstanding may remove the Trustee by so notifying the Trustee in writing and may appoint a successor Trustee, which shall be subject to the consent of the Company unless an Event of Default has occurred and is continuing. The Trustee shall resign if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and

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to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders. Subject to payment of all amounts owing to the Trustee under Section 7.07 hereof and subject further to its lien under Section 7.07, the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee. If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in aggregate principal amount of the Securities at the time outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10 hereof, any Securityholder may petition any court of competent jurisdiction for its removal and the appointment of a successor Trustee.

SECTION 7.09 Successor Trustee by Merger.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets (including this Trusteeship) to, another corporation, the resulting, surviving or transferee corporation without any further act shall, with the concurrence of the Company, be the successor Trustee.

SECTION 7.10 Eligibility; Disqualification.

The Trustee shall at all times satisfy the requirements of TIA Sections 310(a)(1) and 310(a)(2). The Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA Section 310(b). In determining whether the Trustee has conflicting interests as defined in TIA

Section 310(b)(1), the provisions contained in the proviso to TIA Section 310(b)(1) shall be deemed incorporated herein.

SECTION 7.11 Preferential Collection of Claims Against the

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Company.

If and when the Trustee shall be or become a creditor of the Company, the Trustee shall be subject to the provisions of the TIA regarding the collection of claims against the Company.

ARTICLE 8
SATISFACTION AND DISCHARGE OF INDENTURE;
DEFEASANCE OF CERTAIN OBLIGATIONS; UNCLAIMED MONEYS

SECTION 8.01 Satisfaction and Discharge of Indenture.

The Company shall be deemed to have paid and discharged the entire indebtedness on all Securities outstanding upon the deposit referred to in subparagraph (A) below, and the provisions of this Indenture with respect to the Securities shall no longer be in effect (except as to (1) the rights of registration of transfer, substitution and exchange of Securities, (2) the replacement of apparently mutilated, defaced, destroyed, lost or stolen Securities, (3) the rights of Holders to receive payments of principal thereof and interest thereon, (4) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them, (5) the obligation of the Company to maintain an office or agency for payments on and registration of transfer of the Securities, and (6) the rights, obligations and immunities of the Trustee hereunder) and the Trustee shall, at the request and expense of the Company, execute proper instruments acknowledging the same, if:

(A) the Company has irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders (i) cash in an amount, or (ii) U.S. Government Obligations, maturing as to principal and interest at such times and in such amounts as will ensure the availability of cash, or (iii) a combination thereof, sufficient to pay the principal of, and interest on, all Securities then outstanding, whether at the Stated Maturity, upon acceleration or upon the redemption of the Securities;

(B) no Default or Event of Default with respect to the Securities has occurred and is continuing on the date of such deposit or occurs as a result of such deposit;

(C) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all

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conditions precedent relating to the defeasance contemplated by this provision have been complied with; and

(D) if the deposit includes U. S. Government Obligations, the Company has delivered to the Trustee (i) either a private Internal Revenue Service ruling or an Opinion of Counsel to the effect that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount and in the manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred, and (ii) an Opinion of Counsel to the effect that (A) the deposit shall not result in the Company, the Trustee or the trust being deemed to be an "investment company" under the Investment Company Act of 1940, as amended, and (B) such deposit creates a valid trust in which the Holders of the Securities have the sole beneficial ownership interest or that the Holders of the Securities have a nonavoidable first priority security interest in such trust. Notwithstanding the foregoing, the Company's obligations to pay principal of and interest, including Additional Interest, if any, on the Securities shall continue until the Internal Revenue Service ruling or Opinion of Counsel referred to in clause (i) above is provided with regard to and without reliance upon such obligations continuing to be obligations of the Company.

SECTION 8.02 Application by Trustee of Funds Deposited for Payment of Securities.

Subject to Section 8.04 and Article 10 of this Indenture, all moneys deposited with the Trustee pursuant to Section 8.01 hereof shall be held in trust and applied by it to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the Holders of the particular Securities for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such money need not be segregated from other funds except to the extent required by law.

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SECTION 8.03 Repayment of Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Indenture, all moneys then held by any Paying Agent under this Indenture shall, upon demand of the Company, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

SECTION 8.04 Return of Moneys Held by the Trustee and Paying Agent Unclaimed for Three Years

Any moneys deposited with or paid to the Trustee or any Paying Agent for the payment of the principal or interest on any Security and not applied but remaining unclaimed for three years after the date when such principal or interest shall have become due and payable shall, upon the written request of the Company and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, be repaid to the Company by the Trustee or such Paying Agent, and the Holder of such Security shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Company for any payment which such Holder may be entitled to collect, and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE 9
AMENDMENTS

SECTION 9.01 Without Consent of Holders.

From time to time, when authorized by a resolution of the Board of Directors, the Company and the Trustee, without notice to or the consent of the Holders of the Securities issued hereunder, may amend or supplement this Indenture or the Securities:

(1) to cure any ambiguity, defect or inconsistency;

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(2) to comply with Article 5 hereof;

(3) to provide for uncertificated Securities in addition to or in place of certificated Securities;

(4) to make any other change that does not adversely affect the rights of any Securityholder;

(5) to comply with any requirement of the SEC in connection with the qualification of this Indenture under the TIA; or

(6) to set forth the terms and conditions, which shall not be inconsistent with this Indenture, of the series of Securities (other than the Series A Securities) that are to be issued hereunder and the form of Securities of such series.

SECTION 9.02 With Consent of Holders.

With the written consent of the Holders of at least a majority in aggregate principal amount of any series of Securities at the time outstanding, who are affected by any amendment or waiver, the Company and the Trustee may amend this Indenture or the Securities or may waive future compliance by the Company with any provisions of this Indenture or the Securities of such series. However, without the consent of each Securityholder affected, such an amendment or waiver may not:

(1) reduce the principal amount of the Securities, or reduce the principal amount of the Securities the Holders of which must consent to an amendment of this Indenture or a waiver;

(2) change the Stated Maturity of the principal of, or the interest or rate of interest on the Securities, change adversely to the Holders the redemption provisions of Article 3 hereof or in the Securities, or impair the right to institute suit for the

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enforcement of any such payment or make any Security payable in money or securities other than that stated in the Security;

(3) make any change in Article 10 hereof that adversely affects the rights of the Holders of the Securities or any change to any other section hereof that adversely affects their rights under Article 10 hereof;

(4) waive a Default in the payment of the principal of, or interest on, any Security; or

(5) change Section 6.07 hereof.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

If certain Holders agree to defer or waive certain obligations of the Company hereunder with respect to Securities held by them, such deferral or waiver shall not affect the rights of any other Holder to receive the payment or performance required hereunder in a timely manner, unless such deferral or waiver complies with the requirements of this Section 9.02.

After an amendment or waiver under this Section 9.02 becomes effective, the Company shall mail to each Holder affected by such amendment or waiver a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notices, or any defect therein, shall not, however, in any way impair or affect the validity of such amendment or waiver.

SECTION 9.03 Compliance with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article 9 shall comply with the TIA.

SECTION 9.04 Revocation and Effect Of Consents, Waivers and Actions.

Until an amendment, waiver or other action by Holders

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becomes effective, a consent to it or any other action by a Holder of a Security hereunder is a continuing consent by the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same obligation as the consenting Holder's Security, even if notation of the consent, waiver or action is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent, waiver or action as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the consent of the requisite aggregate principal amount of the Securities at the time outstanding has been obtained and not revoked. After an amendment, waiver or action becomes effective, it shall bind every Securityholder, except as provided in Section 9.02 hereof.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment or waiver. If a record date is fixed, then, notwithstanding the first two sentences of the immediately preceding paragraph, those Persons who were Holders at such record date or their duly designated proxies, and only those Persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date.

SECTION 9.05 Notation on or Exchange of Securities.

Securities authenticated and made available for delivery after the execution of any supplemental indenture pursuant to this Article 9 may, and shall, if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and made available for delivery by the Trustee in exchange for outstanding Securities of the same series.

SECTION 9.06 Trustee to Sign Supplemental Indentures.

The Trustee shall sign any supplemental indenture authorized pursuant to this Article 9 if the supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of

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the Trustee. If it does, the Trustee may, but need not, sign it. In signing such amendment the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Officer's Certificate and Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture.

SECTION 9.07 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes and every Holder of Securities theretofore or thereafter authenticated and made available for delivery hereunder shall be bound thereby.

ARTICLE 10
SUBORDINATION

SECTION 10.01 Securities Subordinated to Senior Indebtedness.

Notwithstanding the provisions of Section 6.01 hereof or any other provision herein or in the Securities, the Company and the Trustee and each Holder by his acceptance thereof (a) covenant and agree that all payments by the Company of the principal of and interest (which term for purposes of this Article 10 shall include Additional Interest, if any, and any additional accrued interest) on the Securities shall be subordinated in accordance with the provisions of this Article 10 to the prior payment in full, in cash or cash equivalents, of all amounts payable on Senior Indebtedness, and (b) acknowledge that holders of Senior Indebtedness are or shall be relying on this Article 10.

SECTION 10.02 Priority and Payment of Proceeds in Certain Events; Remedies Standstill.

(a) Upon any payment or distribution of assets or securities of the Company, as the case may be, of any kind or character, whether in cash, property or securities, upon any dissolution or winding up or total or partial liquidation or reorganization of the Company, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts payable on Senior Indebtedness (including any interest accruing on such Senior Indebtedness subsequent to the

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commencement of a bankruptcy, insolvency or similar proceeding) shall first be paid in full in cash, or payment provided for in cash or cash equivalents, before the Holders or the Trustee on behalf of the Holders shall be entitled to receive from the Company any payment of principal of or interest on or any other amounts in respect of the Securities or distribution of any assets or securities. Before any payment may be made by the

Company of the principal of or interest on the Securities upon any such dissolution or winding up or liquidation or reorganization, any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities, to which the Holders or the Trustee on their behalf would be entitled, except for the provisions of this Article 10, shall be made by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution first to the holders of all Senior Indebtedness or their representatives to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution to the holders of Senior Indebtedness.

(b) No direct or indirect payment by or on behalf of the Company of principal of or interest on the Securities whether pursuant to the terms of the Securities or upon acceleration or otherwise shall be made if, at the time of such payment, there exists any default in the payment of all or any portion of any Senior Indebtedness, or any other default affecting Senior Indebtedness permitting its acceleration, as the result of which the maturity of Senior Indebtedness has been accelerated, and the Trustee has received written notice from any trustee, representative or agent for the holders of the Senior Indebtedness or the holders of at least a majority in principal amount of the Senior Indebtedness at the time outstanding of such default and acceleration, and such default shall not have been cured or waived by or on behalf of the holders of such Senior Indebtedness.

(c) If, notwithstanding the foregoing provision prohibiting such payment or distribution, the Trustee or any Holder shall have received any payment on account of the principal of or interest on the Securities (other than as permitted by subsections (a) and (b) of this Section 10.02) when

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such payment is prohibited by this Section 10.02 and before all amounts payable on Senior Indebtedness are paid in full in cash or cash equivalents, then and in such event (subject to the provisions of Section 10.08 hereof) such payment or distribution shall be received and held in trust for the holders of Senior Indebtedness and shall be paid over or delivered first to the representatives of the holders of the Senior Indebtedness remaining unpaid to the extent necessary to pay such Senior Indebtedness in full in cash or cash equivalents.

Upon any payment or distribution of assets or securities referred to in this Article 10, the Trustee and the Holders shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making any such payment or distribution, delivered to the Trustee for the purpose of

ascertaining the Persons entitled to participate in such distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

SECTION 10.03 Payments which May Be Made Prior to Notice.

Nothing in this Article 10 or elsewhere in this Indenture shall prevent (i) the Company, except under the conditions described in Section 10.02 hereof, from making payments of principal of and interest on the Securities or from depositing with the Trustee any monies for such payments, or (ii) the application by the Trustee of any monies deposited with it for the purpose of making such payments of principal of and interest on the Securities, to the Holders entitled thereto, unless at least one day prior to the date when such payment would otherwise (except for the prohibitions contained in Section 10.02 hereof) become due and payable, the Trustee shall have received the written notice provided for in Section 10.02(b) hereof.

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SECTION 10.04 Rights of Holders of Senior Indebtedness Not to Be Impaired.

No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time or in any way be prejudiced or impaired by any good faith act or omission to act by any such holder, or by any noncompliance by the Company with the terms and provisions and covenants herein regardless of any knowledge thereof any such holder may have or otherwise be charged with.

The provisions of this Article 10 are intended to be for the benefit of, and shall be enforceable directly by, the holders of Senior Indebtedness.

Notwithstanding anything to the contrary in this Article 10, to the extent the Holders or the Trustee have paid over or delivered to any holder of Senior Indebtedness any payment or distribution received on account of the principal of, or interest on, the Securities to which any other holder of Senior Indebtedness shall be entitled to share in accordance with Section 10.02 hereof, no holder of Senior Indebtedness shall have a claim or right against the Holders or the Trustee with respect to any such payment or distribution or as a result of the failure to make payments or distributions to such other holder of Senior Indebtedness.

SECTION 10.05 Trustee May Take Action to Effectuate Subordination.

Each Holder by his acceptance of the Securities authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Senior Indebtedness and the Holders, the subordination and the subrogation as provided in this Article 10 and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 10.06 Subrogation.

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Upon the payment in full, in cash or cash equivalents, of all Senior Indebtedness, the Holders shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Company made on such Senior Indebtedness until the Securities shall be paid in full; and for the purposes of such subrogation, no payments or distributions to holders of such Senior Indebtedness of any cash, property or securities to which Holders of the Securities would be entitled, except for this Article 10, and no payment pursuant to this Article 10 to holders of such Senior Indebtedness by the Holders of the Securities, shall, as between the Company, its creditors other than holders of such Senior Indebtedness and the Holders of the Securities, be deemed to be a payment by the Company to or on account of such Senior Indebtedness, it being understood that the provisions of this Article 10 are solely for the purpose of defining the relative rights of the holders of such Senior Indebtedness, on the one hand, and the Holders of the Securities, on the other hand.

If any payment or distribution to which the Holders of the Securities would otherwise have been entitled but for the provisions of this Article 10 shall have been applied, pursuant to this Article 10, to the payment of all Senior Indebtedness, then and in such case, the Holders of the Securities shall be entitled to receive from the holders of such Senior Indebtedness at the time outstanding any payments or distributions received by such holders of Senior Indebtedness in excess of the amount sufficient to pay, in cash or cash equivalents, all such Senior Indebtedness in full.

SECTION 10.07 Obligations of Company Unconditional; Reinstatement.

Nothing in this Article 10, or elsewhere in this Indenture or in any Security, is intended to or shall impair, as between the Company and the Holders of the Securities, the obligations of the Company, which are absolute and unconditional, to pay to the Holders the principal of, and interest on, the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative

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rights of the Holders of the Securities and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon Default under this Indenture, subject to the rights, if any, under this Article 10 of the holders of such Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

The failure to make a scheduled payment of principal of, or interest on, the Securities by reason of Section 10.02 hereof shall not be construed as preventing the occurrence of an Event of Default under Section 6.01 hereof; provided, however, that if (i) the conditions preventing the making of such payment no longer exist, and (ii) the Holders of the Securities are made whole with respect to such omitted payments, the Event of Default relating thereto (including any failure to pay any accelerated amounts) shall be automatically waived, and the provisions of the Indenture shall be reinstated as if no such Event of Default had occurred.

SECTION 10.08 Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice.

The Trustee or Paying Agent shall not be charged with the knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee or Paying Agent, unless and until the Trustee or Paying Agent shall have received written notice thereof from the Company or one or more holders of Senior Indebtedness or from any trustee or agent therefor or unless the Trustee or Paying Agent otherwise had actual knowledge thereof; and, prior to the receipt of any such written notice or actual knowledge, the Trustee or Paying Agent may conclusively assume that no such facts exist.

Unless at least one day prior to the date when by the terms of this Indenture any monies are to be deposited by the Company with the Trustee or any Paying Agent for any purpose (including, without limitation, the payment of the principal of or the interest on any Security), the Trustee or Paying Agent shall, except where no notice is necessary or where notice is deemed given in Sections 10.02 and 10.03 hereof, have received with respect to such monies the notice provided for in the preceding sentence, the Trustee or Paying Agent shall have full power and authority to receive and apply such monies to the purpose for which they were received. Neither of them shall be affected by any notice to the contrary, which may be received by either on or after such date. The foregoing shall not apply to the Paying

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Agent if the Company is acting as Paying Agent. Nothing in this Section 10.08 shall limit the right of the holders of Senior Indebtedness to recover payments as contemplated by Section 10.02 hereof. The Trustee or Paying Agent shall be entitled to rely on

the delivery to it of a written notice by a Person representing himself or itself to be a holder of such Senior Indebtedness (or a trustee on behalf of, or other representative of, such holder) to establish that such notice has been given by a holder of such Senior Indebtedness or a trustee or representative on behalf of any such holder. The Trustee shall not be deemed to have any fiduciary duty to the holders of Senior Indebtedness.

SECTION 10.09 Right of Trustee to Hold Senior Indebtedness.

The Trustee and any Paying Agent shall be entitled to all of the rights set forth in this Article 10 in respect of any Senior Indebtedness at any time held by them to the same extent as any other holder of such Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee or any Paying Agent of any of its rights as such holder.

ARTICLE 11
MISCELLANEOUS

SECTION 11.01 Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by operation of subsection (c) of Section 318 of the TIA, the imposed duties shall control. The provisions of Sections 310 to 317, inclusive, of the TIA that impose duties on any Person (including provisions automatically deemed included in an indenture unless the indenture provides that such provisions are excluded) are a part of and govern this Indenture, except as, and to the extent, they are expressly excluded from this Indenture, as permitted by the TIA.

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SECTION 11.02 Notices.

Any notice or communication shall be in writing and delivered in person or mailed by first-class mail, postage prepaid, addressed as follows:

if to the Company:
Jersey Central Power & Light Company
300 Madison Avenue
Morristown, New Jersey 07962-1911
Attention: Secretary
Facsimile No.: (___) ________

if to the Trustee:
United States Trust Company of New York

114 West 47th Street
New York, New York 10036
Attn: Corporate Trust Department,
Department B

The Company or the Trustee, by giving notice to the other, may designate additional or different addresses for subsequent notices of communications. Upon request from the holder, if any, of Senior Indebtedness, the Company shall notify such holder of any such additional or different addresses of which the Company receives notice from the Trustee.

Any notice or communication given to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the Register of the Registrar and shall be sufficiently given if mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not received by the addressee.

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If the Company mails a notice or communication to the Securityholders, it shall mail a copy to the Trustee and each Registrar, Paying Agent or co-Registrar.

SECTION 11.03 Communication by Holders with Other Holders.

Securityholders may communicate, pursuant to TIA Section 312(b), with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar, the Paying Agent and anyone else shall have the protection of TIA Section 312(c).

SECTION 11.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer's Certificate (complying with Section 11.05 hereof) stating that, in the opinion of such Officer, all conditions precedent to the taking of such action have been complied with; and

(2) if appropriate, an Opinion of Counsel (complying with Section 11.05 hereof) stating that, in the opinion of such

counsel, all such conditions precedent to the taking of such action have been complied with.

SECTION 11.05 Statements Required in Certificate or Opinion.

Each Officer's Certificate and Opinion of Counsel with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that each individual making such Officer's Certificate or Opinion of Counsel has read such covenant or condition;

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(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such Officer's Certificate or Opinion of Counsel are based;

(3) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement that, in the opinion of such individual, such covenant or condition has been complied with; provided, however, that with respect to matters of fact not involving any legal conclusion, an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

SECTION 11.06 Severability Clause.

If any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.07 Rules by Trustee, Paying Agent and Registrar.

The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar and Paying Agent may make reasonable rules for their functions.

SECTION 11.08 Legal Holidays.

A "Legal Holiday" is any day other than a Business Day. If any specified date (including a date for giving notice) is a

Legal Holiday, the action to be taken on such date shall be taken on the next succeeding day that is not a Legal Holiday, and if such action is a payment in respect of the Securities, no

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principal or interest installment shall accrue for the intervening period; except that if any payment is due on a Legal Holiday and the next succeeding day that is not a Legal Holiday is in the next succeeding calendar year, such payment shall be made on the Business Day immediately preceding such Legal Holiday.

SECTION 11.09 Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York, as applied to contracts made and performed within the State of New York, without regard to its principles of conflicts of laws.

SECTION 11.10 No Recourse Against Others.

No director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 11.11 Successors.

All agreements of the Company in this Indenture and the Securities shall bind its successors and assigns. All agreements of the Trustee in this Indenture shall bind its successors and assigns.

SECTION 11.12 Multiple Original Copies of this Indenture.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Any signed copy shall be sufficient proof of this Indenture.

SECTION 11.13 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

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SECTION 11.14 Table of Contents; Headings, Etc.

The Table of Contents, Cross-Reference Table, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 11.15 Benefits of the Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture, except as expressly provided in Article 10 hereof.

SIGNATURES

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

JERSEY CENTRAL POWER & COMPANY

By:

Name:

Title:

UNITED STATES TRUST COMPANY OF NEW YORK
as Trustee

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By:

Name:

Title:

[FORM OF FACE OF THE SECURITY]

__% Deferrable Interest Subordinated Debentures, Series A, due 2044

No. __________________
$___________

Jersey Central Power & Light Company, a New Jersey corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), promises to pay to _______________ or registered assigns, the principal amount of _____________________________ Dollars on _______________, 2044.

Interest Payment Dates: the last day of each month commencing on ____________, 1995, except as provided in the Indenture.

Regular Record Dates: the 15th day of each month (or if all the Securities are held in book-entry-only form, the Business Day) immediately preceding the applicable Interest Payment Date.

This Security shall not be valid until an authorized officer of the Trustee manually signs the Trustee's Certificate of Authentication below.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof which shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by its duly authorized officers and a facsimile of its corporate seal to be affixed

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hereto or imprinted hereon.

Jersey Central Power & Light Company

By:_________________________________

Name:_______________________________

Title:______________________________

By:_________________________________

Name:_______________________________

Title:______________________________

Dated: ______________________

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
This is one of the Securities referred
to in the within-mentioned Indenture.

UNITED STATES TRUST COMPANY OF NEW YORK

By: ___________________________
Authorized Signatory

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[FORM OF REVERSE SIDE OF SECURITY]

__ % Deferrable Interest Subordinated Debentures, Series A, due 2044

1. Payment of Interest and Additional Interest

Jersey Central Power & Light Company, a New Jersey corporation (the "Company"), promises to pay interest on the principal amount of this Security (the "Series A Securities") at

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the rate per annum shown in its title above. Interest will be payable monthly on each Interest Payment Date, commencing _________, 1995. Interest on this Security will accrue for each day that elapses from the most recent date to which interest has been paid, or if no interest has been paid, from the date of its authentication, to the next Interest Payment Date; provided that, if there is no existing Event of Default in the payment of interest and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Under certain circumstances, the Company may be required to pay Additional Interest.

The Company shall pay interest on overdue principal and interest on overdue installments of interest, to the extent lawful, at the rate per annum borne by this Security.

2. Deferral of Interest

The Company may at any time and from time to time, if it is not in default in the payment of interest on the Series A Securities, extend the interest payment period on the Series A Securities for up to 60 consecutive months, but not later than ______________, 2044. At the end of such period the Company will pay all interest then accrued and unpaid (including interest on such interest if legally permitted), provided that during such interest extension period, which the Company may shorten at its option, neither the Company nor any Subsidiary will declare or pay any dividend on or purchase, redeem or acquire or make a liquidation payment on its Capital Stock.

3. Method of Payment

The Company will pay interest on the Series A Securities (except defaulted interest) to the persons who are registered Holders at the close of business on the 15th day of the month (or if all the Series A Securities are held in book-entry-only form, on the Business Day) immediately preceding the Interest Payment Date even if the Series A Security is thereafter canceled on registration of transfer or registration of exchange. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is

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legal tender for payment of public and private debts. However, the Company may pay principal and interest by its check payable in such money. It may mail an interest payment to a Securityholder's registered address.

4. Paying Agent and Registrar

Initially, the Trustee will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent or Registrar without notice, other than notice to the Trustee. The Company or an Affiliate of the Company may act as Paying Agent, Registrar or co-Registrar.

5. Indenture

The Company issued the Series A Securities under an Indenture, dated as of __________, 1995 (the "Indenture"), between the Company and the Trustee. The Indenture also provides for the issuance by the Company from time to time of additional Securities of different series and with different terms and conditions but subject, nevertheless, to the Indenture. The terms of the Series A Securities include those stated herein and in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "TIA"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Series A Securities are subject to all such terms, and Securityholders are referred to the Indenture and the TIA for a statement of those terms.

The Series A Securities are general unsecured obligations of the Company limited to $_______________ aggregate principal amount.

6. Redemption

At the option of the Company, the Series A Securities are redeemable at any time the Company is required to pay Additional Interest on the Series A Securities as described in the Indenture, and from and after __________, 1999, as a whole, or from time to time in part. The amount to be paid on redemption (the "Redemption Price") shall be equal to 100% of the principal amount thereof plus accrued and unpaid interest, and Additional Interest, if any, and accrued interest thereon, to the Redemption Date. The Company must notify the Trustee of its election to redeem the Series A Securities at least 45 days before the Redemption Date.

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Under certain circumstances described in the Indenture, the Company may be required to redeem the Series A Securities.

7. Notice of Redemption

Notice of redemption will be mailed at least 30 days but not more than 90 days before the Redemption Date to each Holder of Series A Securities to be redeemed at the Holder's registered address. Interest on the Securities to be redeemed by the Company will cease to accrue after the Redemption Date. Series A Securities in denominations larger than $25.00 of principal amount may be redeemed in part but only in integral multiples of $25.00 of principal amount.

8. Subordination

The Securities are subordinated to Senior Indebtedness (as that term - essentially, debt for borrowed money - is defined in the Indenture). To the extent provided in the Indenture, Senior Indebtedness must be paid before the Securities may be paid. The Company agrees, and each Securityholder by accepting a Security agrees, to such subordination and authorizes the Trustee to give it effect.

9. Denominations; Transfer; Exchange

The Series A Securities are in registered form, without coupons, in denominations of $25.00 of principal amount and integral multiples of $25.00. A Holder may transfer or exchange Series A Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities for a period of five days before notice of redemption is given or any Securities that are selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed).

10. Persons Deemed Owners

The registered Holder of this Security may be treated as the

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owner of this Security for all purposes.

11. Amendment; Waiver

Subject to certain exceptions in the Indenture which require the consent of every Holder, (i) the Indenture or the Series A Securities may be amended with the written consent of the Holders of a majority in aggregate principal amount of the Series A Securities at the time outstanding, and (ii) certain defaults or noncompliance with certain provisions may be waived with the written consent of the Holders of a majority in aggregate principal amount of the Series A Securities at the time outstanding. Subject to certain exceptions in the Indenture, without the consent of any Securityholder, the Company and the Trustee may amend the Indenture or the Securities to cure any ambiguity, defect or inconsistency, to bind a successor to the obligations of the Indenture, to provide for uncertificated Securities in addition to certificated Securities, to comply with

any requirements of the Securities and Exchange Commission in connection with the qualification of the Indenture under the TIA, to make any change that does not adversely affect the rights of any Securityholder or to provide for the issuance of any other series of Securities. Amendments bind all Holders and subsequent Holders.

12. Defaults and Remedies

Under the Indenture, Events of Default include (i) default in payment of the principal amount, or interest, in respect of the Securities when the same becomes due and payable subject, in the case of interest, to the grace period and any extension period provided for in the Indenture; (ii) failure by the Company to comply with its other covenants in the Indenture or the Securities, subject to notice and lapse of time; and (iii) certain events of bankruptcy or insolvency of the Company. If an Event of Default occurs and is continuing, the Trustee, or the Holders of at least a majority in aggregate principal amount of the Securities at the time outstanding, may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities becoming due and payable immediately upon the occurrence of such Events of Default.

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Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives reasonable indemnity and security. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities at the time outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Securityholders notice of any continuing Default (except a Default in paying principal and/or interest) if it determines that withholding notice is in their interests.

13. Trustee Dealings with the Company

Subject to certain limitations imposed by the TIA, the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

14. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

15. Abbreviations

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (tenants in common), TEN ENT (tenants by the entireties), JT TEN (joint tenants with right of survivorship and not as tenants in common), CUST (custodian), and U/G/M/A (Uniform Gift to Minors Act).

16. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for three years, the Trustee or Paying Agent will pay the money back to the Company at its request. After that,

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Holders entitled to such money must look to the Company for payment.

17. Discharge Prior to Maturity

If the Company deposits with the Trustee or Paying Agent money or U.S. Government Obligations sufficient to pay the principal of and interest on the Securities to maturity, the Company will be discharged from the Indenture under certain conditions and except for certain provisions thereof.

18. Successor

When a successor Person to the Company assumes all the obligations of its predecessor under the Securities and the Indenture in accordance with the Indenture, such predecessor shall be released from those obligations.

19. Governing Law

THE INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS.

ASSIGNMENT FORM

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To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to:

____

(Insert assignee's social security or tax I.D. number)

____

(Print or type assignee's name, address and zip code)

and irrevocably appoint ______________________________ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Dated: ________________ Signature: ________________________

(Sign exactly as your name appears on the other side of this Security)

Signature Guaranty: ________________________

(New York commercial bank or trust company or member of an accepted medallion guaranty)

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Exhibit A-10

DEMAND PROMISSORY NOTE

$_______________ __________, 1995

For value received, JERSEY CENTRAL POWER & LIGHT COMPANY, a New Jersey corporation ("JCP&L"), hereby promises to pay to the order of JCP&L PREFERRED CAPITAL, INC., a Delaware corporation ("Capital"), ON DEMAND, at the office of Capital located at Mellon Bank Center, Tenth and Market Streets, Wilmington, Delaware 19801, or at such other place as Capital may specify from time to time, in lawful money of the United States of America, the principal sum of $_____________, or such lesser unpaid principal amount as shall be outstanding hereunder, together with interest from the date hereof on the unpaid principal balance of this Note calculated at a rate equal to the Citibank, N.A. base rate as in effect from time to time, such interest to be compounded semi-annually on _________ and ________ of each year while this Note is outstanding.

The amount of any payment made by JCP&L hereunder shall be recorded by Capital on the schedule attached hereto and the resulting unpaid principal balance set forth in such schedule shall be presumptive evidence of the principal balance owing and unpaid on this Note.

Presentment for payment, demand, notice of dishonor, protest, notice of protest, and all other demands and notices in connection with the delivery, performance and enforcement of this Note are hereby waived.

This Note shall be governed by and construed and interpreted in accordance with the substantive laws of the State of New Jersey without giving effect to conflict of law principles.

This Note may be amended only by an instrument in writing executed by JCP&L and Capital.

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JERSEY CENTRAL POWER & LIGHT COMPANY

By:

Title:

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Exhibit B-1

PAYMENT AND GUARANTEE AGREEMENT

THIS PAYMENT AND GUARANTEE AGREEMENT ("Guarantee Agreement"), dated as of ________, 1995, is executed and delivered by Jersey Central Power & Light Company, a New Jersey corporation (the "Guarantor"), for the benefit of the Holders (as defined below) from time to time of the Preferred Securities (as defined below) of JCP&L Capital, L.P., a Delaware limited partnership (the "Issuer").

WHEREAS, the Issuer is issuing on the date hereof $________________ aggregate stated liquidation preference of preferred limited partner interests of a series designated the ____% Cumulative Monthly Income Preferred Securities, Series A (the "Preferred Securities"), and the Guarantor desires to enter into this Guarantee Agreement for the benefit of the Holders, as provided herein;

WHEREAS, the Issuer will use (i) the proceeds from the issuance and sale of the Preferred Securities to the Holders and (ii) the capital contributions relating to the issuance of the Issuer's general partner interests (the "Common Securities") to JCP&L Preferred Capital, Inc., a Delaware corporation and a wholly-owned subsidiary of the Guarantor (the "General Partner"), to purchase Subordinated Debentures (as defined below) issued by the Guarantor under the Indenture (as defined below); and

WHEREAS, the Guarantor desires irrevocably and unconditionally to agree to the extent set forth herein to pay to the Holders the Guarantee Payments (as defined below) and to make certain other payments on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and other consideration, receipt of which is hereby acknowledged, the Guarantor, intending to be legally bound hereby, agrees as follows:

ARTICLE I

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As used in this Guarantee Agreement, the terms set forth below shall, unless the context otherwise requires, have the following meanings. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Issuer's Amended and Restated Limited Partnership Agreement dated as of _______, 1995 (the "Limited Partnership Agreement").

"Guarantee Payments" shall mean the following payments, without duplication, to the extent not paid by the Issuer: (i) any accumulated and unpaid monthly distributions on the Preferred Securities (except for monthly distributions which are not paid during an Extension Period (as defined in the Indenture)) to the extent that the Issuer has sufficient cash on hand to permit such payments and funds legally available therefor, (ii) the

Redemption Price (as defined below) payable with respect to any Preferred Securities called for redemption by the Issuer to the extent that the Issuer has sufficient cash on hand to permit such payments and funds legally available therefor, (iii) upon a liquidation of the Issuer other than in connection with a distribution of Subordinated Debentures (a "Distribution Event") following a dissolution of the Issuer resulting from a Special Event (as defined in the Limited Partnership Agreement), the lesser of (a) the Liquidation Distribution (as defined below) and (b) the amount of assets of the Issuer available for distribution to Holders in liquidation of the Issuer, and (iv) any Additional Amounts (as defined in the Limited Partnership Agreement) payable by the Issuer in respect of the Preferred Securities.

"Holder" shall mean any holder from time to time of any Preferred Securities of the Issuer; provided, however, that in determining whether the Holders of the requisite percentage of Preferred Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include the Guarantor or any entity owned more than 50% by the Guarantor, either directly or indirectly.

"Indenture" shall mean the Indenture dated as of __________, 1995 between the Guarantor and United States Trust Company of New York, as Trustee.

"Liquidation Distribution" shall mean the aggregate of the stated liquidation preference of $25 per Preferred Security and all accumulated and unpaid distributions to the date of payment, together with any additional distributions accrued thereon.

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"Redemption Price" shall mean the aggregate of $25 per Preferred Security, plus accumulated and unpaid distributions to the date fixed for redemption, together with any Additional Distributions (as defined in the Limited Partnership Agreement) accrued thereon.

"Subordinated Debentures" shall mean the Guarantor's ___% Deferrable Interest Subordinated Debentures, Series A, due _______, 204[3], issued under and pursuant to the Indenture.

ARTICLE II

SECTION 2.01. (a) The Guarantor hereby irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments, as and when due (except to the extent paid by the Issuer), to the fullest extent permitted by law, regardless of any defense, right of set-off or counterclaim which the Guarantor or the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment by the Guarantor to the Holders or by payment of such amounts by the Issuer to the Holders. Notwithstanding anything to the contrary herein, the Guarantor retains all of its rights under Section 4.01(c) of the Indenture to extend the interest payment period thereunder and the Guarantor shall not be

obligated hereunder to pay during an Extension Period (as defined in the Indenture) any monthly distributions on the Preferred Securities which are not paid by the Issuer during such Extension Period.

(b) All Guarantee Payments shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied upon or as a result of such payment by or on behalf of the United States, any state thereof or any other jurisdiction through which or from which such payment is made, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event that any such withholding or deduction is required as a consequence of (i) the Subordinated Debentures not being treated as indebtedness for United States federal income tax purposes or (ii) Penelec Capital not being treated as a partnership for United States federal income tax purposes, the

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Guarantor shall pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the Holders after such withholding or deduction will equal the amount which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction, except that no such additional amounts will be payable to any Holder (or a third party on such Holder's behalf):

i) if such Holder is liable for such taxes, duties, assessments or governmental charges in respect of the Preferred Securities by reason of such Holder's having a connection with the United States, any state thereof or any other jurisdiction through which or from which such payment is made, or in which such Holder resides, conducts business or has other contacts, other than being a Holder, or

ii) if the Issuer or the Guarantor has notified such Holder of the obligation to withhold or deduct taxes and requested but not received from such Holder a declaration of non-residence, a valid taxpayer identification number or other claim for exemption, and such withholding or deduction would not have been required had such declaration, taxpayer identification number or claim been received.

SECTION 2.02. The Guarantor hereby waives notice of acceptance of this Guarantee Agreement and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 2.03. Except as otherwise set forth herein, the obligations, covenants, agreements and duties of the Guarantor under this Guarantee Agreement shall to the fullest extent

permitted by law in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities

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to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the monthly distributions, Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities;

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, any of the Preferred Securities; or

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

The Holders shall have no obligation to give notice to, or obtain consent of, the Guarantor with respect to the occurrence of any of the foregoing.

SECTION 2.04. This is a guarantee of payment and not of collection. A Holder may enforce this Guarantee Agreement directly against the Guarantor, and the Guarantor will waive any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Guarantor. Subject to Section 2.05, all waivers hereunder shall be without prejudice to the Holders' right at the Holders' option to proceed against the Issuer, whether by separate action or by joinder. The Guarantor agrees that this Guarantee Agreement shall not be discharged except by payment of the Guarantee Payments in full (to the extent not paid by the Issuer)

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and by complete performance of all obligations of the Guarantor contained in this Guarantee Agreement.

SECTION 2.05. The Guarantor will be subrogated to all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Guarantee Agreement and shall have the right to waive payment by the Issuer of any amount of distributions in respect of which payment has been made to the Holders by the Guarantor pursuant to Section 2.01; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Guarantee Agreement, if, at the time of any such payment, any amounts remain due and unpaid under this Guarantee Agreement. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to pay over such amount to the Holders.

SECTION 2.06. The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Preferred Securities and that the Guarantor shall be liable as principal and sole debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee Agreement notwithstanding the occurrence of any event referred to in subsections (a) through (f), inclusive, of Section 2.03 hereof.

SECTION 2.07. The Guarantor expressly acknowledges that (i) this Guarantee Agreement will be deposited with the General Partner to be held for the benefit of the Holders; (ii) in the event of the appointment of a Special Representative pursuant to the Limited Partnership Agreement, the Special Representative may enforce this Guarantee Agreement on behalf of the Holders and take possession of this Guarantee Agreement for such purpose; (iii) if no Special Representative has been appointed, the General Partner has the right to enforce this Guarantee Agreement on behalf of the Holders: (iv) the Holders of not less than a majority in aggregate stated liquidation preference of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available in respect of this Guarantee Agreement, including the giving of directions to the General Partner or the Special Representative, as the case may be; and (v) if the General Partner or Special Representative fails to enforce this Guarantee Agreement as above provided, any Holder may institute a legal proceeding directly

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against the Guarantor to enforce its rights under this Guarantee Agreement, without first instituting a legal proceeding against the Issuer or any other person or entity.

Any such Special Representative may enforce the Issuer's rights against the Guarantor under the Indenture, including, after failure to pay interest for 60 consecutive monthly interest periods, the payment of interest on the Subordinated Debentures, enforce the obligations of the Guarantor

under this Guarantee Agreement and enforce the Guarantor's obligations under the Indenture and the Subordinated Debentures directly against the Guarantor; the Guarantor, upon request of a Special Representative, agrees to execute and deliver such documents as may be necessary, appropriate or convenient for such Special Representative with respect to such enforcement.

ARTICLE III

SECTION 3.01. So long as any Preferred Securities remain outstanding, neither the Guarantor nor any majority-owned subsidiary of the Guarantor shall declare or pay any dividend on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its preferred or common stock (other than dividends to the Guarantor by a wholly-owned subsidiary of the Guarantor) (i) during an Extension Period (as defined in the Indenture) or (ii) if at such time the Guarantor shall be in default with respect to its payment or other obligations hereunder or there shall have occurred any event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default under the Indenture. The Guarantor shall take all actions necessary to ensure the compliance of its subsidiaries with this Section 3.01.

SECTION 3.02. The Guarantor covenants, so long as any Preferred Securities remain outstanding: (i) to maintain direct or indirect 100% ownership of the Common Securities; (ii) to cause at least 3% of the total value of the Issuer and at least 3% of all interests in the capital, income, gain, loss, deduction and credit of the Issuer to be represented by Common Securities; (iii) not to cause the Issuer to be voluntarily dissolved, wound-up or terminated, except upon the entry of a decree of judicial dissolution or in connection with a Distribution Event or certain mergers, consolidations or other transactions permitted by the

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Limited Partnership Agreement; (iv) except as otherwise provided in the Limited Partnership Agreement, to cause the General Partner to remain the general partner of the Issuer and timely perform all of its duties as general partner of the Issuer (including the duty to pay distributions on the Preferred Securities out of cash on hand and funds legally available therefor) in all material respects, provided that any permitted successor of the Guarantor under the Indenture may directly or indirectly succeed to the duties as general partner of the Issuer; and (v) to use its reasonable efforts to cause the Issuer to remain a limited partnership and otherwise continue to be treated as a partnership for United States federal income tax purposes.

SECTION 3.03. This Guarantee Agreement will constitute an unsecured obligation of the Guarantor and will rank (i) subordinate and junior in right of payment to all present and future Senior Indebtedness (as defined in the Indenture) of the Guarantor, and (ii) senior in right of payment to the Guarantor's preferred and common stock.

ARTICLE IV

This Guarantee Agreement shall terminate and be of no further force and effect upon full payment of the Redemption Price of all Preferred Securities or upon full payment of the amounts payable to the Holders upon liquidation of the Issuer or upon consummation of a Distribution Event; provided, however, that this Guarantee Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any Holder of Preferred Securities must restore payments of any sums paid under the Preferred Securities or under this Guarantee Agreement for any reason whatsoever.

ARTICLE V

SECTION 5.01. All guarantees and agreements contained in this Guarantee Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders. The Guarantor may not assign its obligations hereunder without the prior approval of the Holders of not less than 66 2/3% of the aggregate stated liquidation preference of all Preferred Securities then outstanding; provided that nothing herein shall preclude any transaction involving the Guarantor pursuant to Section 5.01 of

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the Indenture. No such permitted transaction shall be deemed an assignment of the Guarantor's obligations hereunder for purposes hereof.

SECTION 5.02. This Guarantee Agreement may only be amended by a written instrument executed by the Guarantor; provided that, so long as any of the Preferred Securities remain outstanding, any such amendment that materially adversely affects the holders of Preferred Securities, any termination of this Guarantee Agreement and any waiver of compliance with any covenant hereunder shall be effected only with the prior approval of the Holders of not less than 66 2/3% of the aggregate stated liquidation preference of all Preferred Securities then outstanding.

SECTION 5.03. All notices, requests or other communications required or permitted to be given hereunder to the Guarantor shall be deemed given if in writing and delivered personally or by recognized overnight courier or express mail service or by facsimile transmission (confirmed in writing) or by registered or certified mail (return receipt requested), addressed to the Guarantor at the following address (or at such other address as shall be specified by notice to the Holders):

Jersey Central Power & Light Company
c/o GPU Service Corporation
100 Interpace Parkway
Parsippany, NJ 07054

Facsimile No.: (201) 263-6397

Attention: Treasurer

All notices, requests or other communications required or permitted to be given hereunder to the Holders shall be deemed given if in writing and delivered by the Guarantor in the same manner as notices sent by the Issuer to the Holders.

SECTION 5.04. This Guarantee Agreement is solely for the benefit of the Holders and is not separately transferable from the Preferred Securities.

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SECTION 5.05. THIS GUARANTEE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE SUBSTANTIVE

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LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES.

THIS GUARANTEE AGREEMENT is executed as of the day and year first above written.

JERSEY CENTRAL POWER & LIGHT COMPANY

By ___________________________________

Name:

Title:

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Exhibit D-1

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

PETITION
N.J.A.C. 14:1-5.9

DOCKET NO. EF94100475

IN THE MATTER OF THE PETITION OF JERSEY CENTRAL POWER & LIGHT COMPANY FOR AUTHORITY TO: (i) Issue up to $125,000,000 Aggregate Principal Amount of Subordinated Debentures in one or more series and to Make, Execute and Deliver an Original Indenture and one or more Supplemental Indentures in connection therewith; (ii) Make, Execute and Deliver one or more Guarantees with respect to the issuance and sale of not more than $125,000,000 aggregate stated liquidation value of monthly income preferred securities; and (iii) Make, Execute and Deliver to a wholly-owned subsidiary a Demand Promissory Note in an aggregate principal amount of not more than $13,000,000.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Jersey Central Power & Light Company (the "Company" or the "Petitioner"), respectfully states:

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1. The Company is a corporation of the State of New Jersey, engaged in the business of generating, transmitting, distributing and selling electric energy for public use in all or parts of thirteen counties in such state, and is a public utility as defined by N.J.S. 48:2-13. It files this petition pursuant to N.J.S. 48:3-9 and N.J.A.C. 14:1-5.9.

2. Pursuant to N.J.A.C. 14:1-4.5, the Company designates as the person to be notified in connection herewith the following:

Wendy S. Greengrove
Attorney for Petitioner
300 Madison Avenue
Morristown, New Jersey 07962-1911

3. Information concerning each class and issue of the Company's capital stock will be set forth in Exhibit "D" to be submitted.

4. The preferences, voting powers, restrictions and qualifications of the various series of the Company's Cumulative Preferred Stock, 4% Series A, 7.88% Series E, 8.48% Series I, 8.65% Series J and 7.52% Series K are briefly stated in the Company's Petitions to your Honorable Board in Docket Nos. 7269, 721-32, 778-872, EF88121337 and EF91121811JA, respectively.

5. A listing of the principal amounts of the Company's

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long-term indebtedness will be set forth in Exhibit "D" to be submitted.

6. The Company's first mortgage bonds, including first mortgage bonds designated secured medium-term notes, have been issued under and secured by the Company's Indenture dated as of March 1, 1946 ("Original Bond Indenture") between the Company and IBJ Schroder Bank & Trust Company, Successor Trustee, as supplemented by fifty supplemental indentures, referred to in the Company's Petition in Docket No. 704-175, and in Orders of Your Honorable Board in Docket Nos. 709-521, 7012-685, 719-618, 726-528, 737-593, 7310-787, 749-659, 751-26A, 754-490, 752-121, 7512-1301, 764-504, 773-222, 7712-1155A, 7811-1584, 793-295,

795-508, 799-471, EF8505515, EF8605480, EF88121337, EF90111334J, EF90111334B, EF91121811JA and EF92121082J (herein called "Bond Supplemental Indentures"). The making of the Original Bond Indenture and the Bond Supplemental Indentures and the issuance of the Bonds were respectively authorized by your Honorable Board by Orders in such proceedings.

7. At September 30, 1994, the Company had $99,100,000 short-term debt outstanding.

8. By Order of your Honorable Board dated March 31, 1993, in Docket No. EF92121082J, the Company was granted

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authority from time to time through June 30, 1995 without further order of the Board to, among other things, (i) issue and sell up to $700,000,000 aggregate principal amount of additional first mortgage bonds, (ii) issue and sell up to $700,000,000 aggregate principal amount of secured medium-term notes as first mortgage bonds and (iii) issue and sell additional shares of cumulative preferred stock in one or more series having an aggregate stated value of up to $100,000,000, provided, however, that the aggregate principal amount of all securities to be issued and sold would not exceed $700,000,000. Pursuant to said Order and as previously reported to your Honorable Board, the Company has issued and sold the following securities: (i) $150,000,000 aggregate principal amount of First Mortgage Bonds, 6 3/8% Series due 2003; (ii) $125,000,000 aggregate principal amount of First Mortgage Bonds, 7 1/2% Series due 2023; and (iii) $150,000,000 aggregate principal amount of First Mortgage Bonds, 6 3/4% Series due 2025. At the date hereof, $275,000,000 aggregate principal amount of securities remains unissued and unsold pursuant to said

Order. Approval of this Petition and the sale of the Securities and Subordinated Debentures (as described and defined below) are expected to defer beyond June 30, 1995 the Company's need to issue the remaining $275,000,000 of authorized securities.

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Nevertheless, in order to maintain debt and equity issuance flexibility, the Company desires to retain the authorization to issue the remaining $275,000,000 of securities and expects to request, in a subsequent filing, approval from your Honorable Board (and the Securities and Exchange Commission) to extend beyond June 30, 1995 the date by which such securities may be sold.

9. (a) As part of its ongoing financing program, the Company now proposes to form a limited partnership under the Delaware Revised Uniform Limited Partnership Act ("JCP&L Capital"), which would issue, from time to time in one or more series through December 31, 1996, preferred limited partner interests, in the form of monthly income preferred securities (the "Securities"), having an aggregate stated liquidation value not to exceed $125,000,000. The sole purpose of JCP&L Capital will be to issue and sell the Securities to investors and to use the net proceeds of the sale, together with the proceeds of the sale to Investment Sub (as defined below) of its general partner interests, to purchase the Company's Subordinated Debentures. JCP&L Capital's general partner interests will not be transferrable, its business and affairs will be managed and controlled directly by its general partner and its general partner will be responsible for all liabilities and obligations of JCP&L Capital.

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(b) The Company also proposes to form a special purpose wholly-owned Delaware corporate subsidiary, JCP&L Preferred Capital, Inc. ("Investment Sub"), to serve as the sole general partner of JCP&L Capital. The Company will acquire all of the common stock of Investment Sub for a nominal consideration and will capitalize Investment Sub with (i) a capital contribution in the amount of approximately 3% of the total capitalization of JCP&L Capital, or up to $4 million, and (ii) a demand promissory note in the principal amount of approximately 10% of the total capitalization of JCP&L Capital, or up to $13 million, such note to accrue interest, compounded semi-annually, at a rate equal to the Citibank, N.A. base rate as in effect from time to time.

(c) Investment Sub will acquire all of the general partner interests of JCP&L Capital for up to $4 million, representing up to a 3% interest in JCP&L Capital (the "Equity Contribution"). JCP&L Capital will apply the proceeds from the sale of the Securities, together with the Equity Contribution, to purchase the Company's deferrable interest subordinated debentures (the "Subordinated Debentures").

(d) The Company will also guarantee on a limited basis to the extent set forth in payment and guarantee agreements to be executed and delivered by the Company in connection with

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each series of Securities (the "Guarantees"), (i) payment of distributions on the Securities to the extent JCP&L Capital has sufficient cash on hand to permit such payments and funds legally available therefor, (ii) payments to the Securities holders of amounts due upon redemption of the Securities to the extent JCP&L

Capital has sufficient cash on hand to permit such payments and funds legally available therefor, (iii) upon a liquidation of JCP&L Capital (other than in connection with a distribution of Subordinated Debentures as described in Paragraph 10 below), payment of the lesser of (x) the liquidation preference of the Securities or (y) the amount of assets available for distribution to the Securities holders in liquidation, and (iv) certain additional amounts that may be payable in respect of the Securities. The Company will also covenant in the Guarantees to cause Investment Sub to timely perform all of its duties as general partner of JCP&L Capital, including the general partner's duty to pay all of the costs and expenses of JCP&L Capital.

10. Each Subordinated Debenture will be issued under an Indenture to be entered into with United States Trust Company of New York, as Trustee, and will have an initial term of up to 50 years. Prior to maturity, the Company will pay only interest on the Subordinated Debentures at a rate equal to the

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distribution rate on the related series of Securities. Such interest payments will constitute JCP&L Capital's only income and will be used by it to pay monthly distributions on the Securities and distributions on the general partner interests of JCP&L Capital held by Investment Sub. Distributions on the Securities will be made monthly, will be cumulative and must be made to the extent that JCP&L Capital has legally available funds and cash sufficient for such purposes. However, the Company will have the right to defer payment of interest on the Subordinated Debentures for up to five years, in which event JCP&L Capital may similarly defer payment of distributions on the Securities; provided,

however, that if distributions on the Securities are not paid for eighteen consecutive months, then the Securities holders will have the right to appoint a special representative to enforce JCP&L Capital's rights under the Subordinated Debentures and the Securities holders' rights under the Guarantees. The Company and JCP&L Capital may be required to pay interest on any deferred interest or distributions, to the extent permitted by applicable law. The interest rates, payment dates, redemption and other similar provisions of each series of Subordinated Debentures will be identical to the distribution rates, payment dates, redemption and other similar provisions of the related series of

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Securities.

11. Each Subordinated Debenture and related Guarantee will be subordinate to all other existing and future indebtedness of the Company for borrowed money and will have no cross-default provisions with respect to other indebtedness of the Company - i.e., a default under any other outstanding indebtedness of the Company will not result in a default under the Subordinated Debentures or the Guarantees. However, the Company may not declare or pay dividends on, or redeem, its outstanding Cumulative Preferred Stock or Common Stock unless all payments then due (whether or not previously deferred) under the Subordinated Debentures and the Guarantees have been made.

12. The Securities may be redeemable at the option of JCP&L Capital at a price equal to their stated value plus any accrued and unpaid distributions, (i) at any time after five years from their date of issuance, or (ii) in the event that (v) JCP&L Capital is required by applicable tax laws to withhold or

deduct certain amounts in connection with distributions or other payments, or (w) JCP&L Capital is subject to federal income tax with respect to interest received on the Subordinated Debentures or is otherwise not treated as a partnership for federal income tax purposes, or (x) it is determined that the interest payments

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by the Company on the Subordinated Debentures are not deductible for federal income tax purposes, or (y) JCP&L Capital is subject to more than a de minimis amount of other taxes, duties or other governmental charges, or (z) JCP&L Capital becomes subject to regulation as an "investment company" under the Investment Company Act of 1940, as amended. Upon occurrence of any of the events set forth in clause (ii) above, JCP&L Capital may also have the right to dissolve and distribute the Subordinated Debentures to the Securities holders in liquidation of their interests in JCP&L Capital.

In the event that JCP&L Capital is required by applicable tax laws to withhold or deduct certain amounts in connection with distributions or other payments, JCP&L Capital may also have the obligation, if the Securities are not redeemed or Subordinated Debentures are not distributed to the holders thereof as aforesaid, to "gross up" such payments so that the Securities holders will receive the same payment after such withholding or deduction as they would have received if no such withholding or deduction were required. In such latter event, the Company's obligations under the Subordinated Debentures and the Guarantees would also cover any such "gross up" obligations.

13. In the event of any voluntary or involuntary liquidation, dissolution or winding up of JCP&L Capital, the

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holders of the Securities will be entitled to receive, out of the assets of JCP&L Capital available for distribution to its partners, before any distribution of assets to the general partner of JCP&L Capital, an amount equal to the stated liquidation preference of the Securities plus any accrued and unpaid distributions.

14. The Company believes that the proposed financing through the sale of the Securities will provide substantial benefits over issuing traditional perpetual preferred stock. While the Company expects that the Securities will carry a slightly higher dividend rate than a perpetual preferred stock issue, the expected tax deductibility of interest payments on the Subordinated Debentures, on a comparative basis, will afford the Company an increased cash flow and a positive impact on net income in the period prior to the Company's next rate case, and may contribute to lower customer rates thereafter. The Company understands that the financial markets will view the financing the Company obtains through the Securities program as having essentially the same equity characteristics as would be the case if the Company were to issue traditional perpetual preferred stock. The Company also understands that the rating agencies will view the financing the Company obtains through the Securities program as having equity characteristics somewhere between sinking fund preferred stock and traditional perpetual preferred stock. Based on an assumed dividend rate of

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approximately 9.125% for a perpetual preferred stock issue and an assumed distribution rate between 9.375% and 9.50% resulting in an after-tax rate of between 6.09% and 6.175% (assuming a 35%

federal tax rate) for the Securities, the Company believes that it could achieve an average annual after-tax savings of approximately $3.7 million, and a net present value after-tax savings over an assumed 49 year life of a $125,000,000 Securities issue of approximately $40.5 million. The Securities will be included in the capitalization section of the Company's consolidated balance sheet. The Subordinated Debentures, so long as they remain inter-company obligations, will not appear on the Company's consolidated balance sheet.

JCP&L Capital intends to enter into an appropriate underwriting, purchase, selling or distribution agency agreement with respect to the issuance and sale of Securities and desires to maintain the flexibility to sell the Securities in one or more public sales through a negotiated underwriting, with the amounts of the offering, the annual distribution rate per Security, and the related terms of the Subordinated Debentures, to be determined at the time of sale of each series of Securities.

A number of factors have contributed to the decision to pursue these transactions on a negotiated basis.

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First, since this is a relatively new form of security, the number of underwriters with significant experience as lead managers in structuring and distributing securities of this type is limited. Consequently, unlike the more typical financing, a lead manager must be selected for this offering based on experience, market knowledge, and particular familiarity with these unique transactions. Second, distribution of securities of this type is significantly affected by the ability to develop an extensive selling group and market the securities over an

extended period of time to a diverse investor base. This extended marketing approach, which is not possible in a competitive bidding, allows the lead manager to reallocate shares based on demand and ultimately achieve a more attractive pricing for the issuer.

Moreover, the Securities are a relatively new type of financial instrument, they are quite complex and there is as yet no "standard" package of rights, terms and conditions attributable thereto which are universally accepted by the investment community. Thus, unlike the situation with perpetual preferred stock or first mortgage bonds, these transactions are generally structured in coordination with a lead underwriter to conform to the terms of comparable securities customarily

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marketed by such investment banking firm. Moreover, because of the complexity of the Securities, a significant investment of time would be required for potential bidders to review the relevant documentation and understand the nature and terms of the Securities. As a consequence, the normal bidding process may not work efficiently since firms will be asked to bid on securities with which they may not be fully familiar or comfortable. When combined with the competitive bidding process' elimination of the extended marketing time required for these securities, as described above, the result is likely to be reduced participation in the bidding process or more expensive bids than would be obtained through negotiations. In any event, the fee structure will be determined in accordance with the standard fees for $25 par value perpetual preferred stock, which, like common equity, is primarily distributed through a retail broker network which

demands higher commissions. All transactions involving such securities to date have had a 3.15% gross spread on retail distribution.

The aggregate stated value of the Securities to be sold by JCP&L Capital will depend on market acceptance, but will not exceed $125,000,000.

15. The issuance of Subordinated Debentures by the

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Company will be subject to the restriction in Article VI, paragraph Eighth (B) of the Company's Restated Certificate of Incorporation which limits, without the consent of the holders of a majority of the Company's outstanding Cumulative Preferred Stock, the amount of unsecured indebtedness which the Company may have outstanding at any one time to 20% of the aggregate of the total outstanding principal amount of all bonds and other securities representing secured indebtedness issued or assumed by the Company, plus its capital stock, premiums thereon, and surplus as stated on its books of account.

16. The Company expects to apply the net proceeds, of the sale of Subordinated Debentures to JCP&L Capital, to the repayment of outstanding short-term debt, for construction purposes, and for other general corporate purposes, including the redemption of outstanding senior securities pursuant to the optional redemption provisions thereof. The Company represents that it will not so redeem such outstanding securities unless the estimated present value savings derived from the difference between interest or dividend payments on a new issue of comparable securities and those securities refunded is on an after-tax basis greater than the estimated present value of all

redemption, tendering and issuing costs, assuming an appropriate

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discount rate. Such discount rate will be based on meeting the Company's long-term capital structure goals, with appropriate adjustments for income taxes.

17. The Company will file an annual statement setting forth the terms and conditions of all the Securities and the corresponding Subordinated Debentures and Guarantees issued during that year, together with a calculation of the cumulative stated value of the Securities and principal amount of Subordinated Debentures so issued.

18. Pursuant to N.J.S. 48:3-9, the Company applies to your Honorable Board for authority for the following:

(a) Without further order of the Board, to issue, in one or more series through December 31, 1996, Subordinated Debentures in an aggregate principal amount not to exceed $125,000,000 and, in connection therewith, to make, execute and deliver to United States Trust Company of New York, as Trustee, an Indenture ("Original Debenture Indenture") providing for the issuance of such Subordinated Debentures in series and one or more Supplemental Indentures thereto (each, a "Supplement") for the purpose, among other things, of describing the terms of the Subordinated Debentures. A copy of the proposed Original Debenture Indenture and each Supplement will be filed with your Honorable Board;

(b) Without further Order of the Board, to make, execute and deliver one or more Guarantees with respect to the

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issuance and sale by JCP&L Capital of not more than $125,000,000 aggregate stated liquidation value of Securities; and

(c) Without further Order of the Board, to make, execute and deliver to Investment Sub a demand promissory note in an aggregate principal amount of not more than $13,000,000.

19. No franchise or right is proposed to be capitalized directly or indirectly as a result of or in connection with the proposed transaction.

20. The Board of Directors of the Company has authorized the transactions described in and the filing of the within petition. A certified copy of the resolutions of the Board of Directors is attached hereto and made part hereof (Exhibit "A").

21. The only regulatory body, in addition to your Honorable Board, having jurisdiction over the proposed transactions for which your Board's approval is sought is the Securities and Exchange Commission. Although the Company has qualified to do business in the Commonwealth of Pennsylvania, it has consistently been the position of the Pennsylvania Public Utility Commission that, under the conditions applicable to the issuance and sale by the Company of securities heretofore issued, the provisions of the Pennsylvania Public Utility Code relating

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to the issuance of securities by public utilities are not applicable.

22. The Company hereby respectfully requests that the Board expedite its consideration and approval of the within Petition so that it may be able to take advantage of favorable market conditions.

23. Attached hereto and made part hereof are the following exhibits:

Exhibit "A" - Certified Resolutions of the Board of Directors authorizing the transactions described in and the filing of the within petition (To Be Submitted).

Exhibit "B" - Statement of Cash Flows for the twelve months ended September 30, 1994 (To Be Submitted). The Statement of Cash Flows for the year 1993 is incorporated by reference (pages 120 and 121) to the Company's filing of its annual report for the year 1993 to the Board of Public Utilities.

Exhibit "C" - Statements of Sources of Construction Funds as at December 31, 1993 and September 30, 1994 (To Be Submitted).

Exhibit "D" - Balance Sheets and Statements of Long-Term Debt and Capital Stock as at September 30, 1994, both before and after giving effect to the proposed transactions, together with pro forma journal entries (To Be Submitted). The Balance Sheet as at December 31, 1993 is incorporated by reference (pages 110 through 113) to the Company's filing of its annual report for the year 1993 to the Board of Public Utilities.

Exhibit "E" - Statements of Utility Plant by Accounts as at December 31, 1993 and September 30, 1994, together with Additions and Retirements during the period

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(To Be Submitted).

Exhibit "F" - Statements of Income and Retained Earnings for the twelve months ended September 30, 1994, both before and after giving effect to the proposed transactions, together with explanations of pro forma adjustments (To Be Submitted). The Statements of Income and Retained Earnings for the year 1993 are incorporated by reference (pages 114 through 119) to the Company's filing of its annual report for the year 1993 to the Board of Public Utilities.

Exhibit "G" - Statement of Securities Outstanding at December 31, 1993 and Statement of Interest and Dividends Paid or Declared for the year ended December 31, 1993 and the respective rates thereof.

Exhibit "H" - General description and an estimate of costs of construction, completion, extension, or improvement projects for the year 1994, in addition to the forecast for the year 1995.

Exhibit "I" - Copy of Form of Subordinated Debenture Indenture (To be Submitted).

Exhibit "J" - Copy of Form of Subordinated Debenture (to be included in Exhibit "I")

Exhibit "K" - Copy of Form of Underwriting Agreement or Purchase Agreement (To be Submitted).

Exhibit "L" - Copy of Form of Demand Promissory Note (To be Submitted).

Exhibit "M" - Copy of Form of Jersey Central Power & Light Company Guarantee (To be Submitted).

Exhibit "N" - Copy of Application on Form U-1 filed with the Securities and Exchange Commission on behalf of Jersey Central Power & Light Company (To be Submitted).

WHEREFORE, the Company respectfully requests your

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Honorable Board to authorize it, in accordance with the terms hereinabove set forth, and in conjunction with the establishing of JCP&L Capital, a limited partnership, and JCP&L Preferred Capital, Inc., from time to time through December 31, 1996:

1. without further order of the Board, to issue, in one or more series, Subordinated Debentures in an aggregate principal amount not to exceed $125,000,000, and, in connection therewith, to make, execute and deliver to United States Trust Company of New York, as Trustee, an Indenture and one or more Supplemental Indentures thereto, substantially in the forms to be filed with your Honorable Board;

2. without further order of the Board, to make, execute and deliver one or more Guarantees with respect to the issuance and sale by JCP&L Capital of not more than $125,000,000 aggregate stated liquidation value of Securities; and

3. without further order of this Board, to make, execute and deliver to Investment Sub a demand promissory note in an aggregate principal amount of not more than $13,000,000.

The Company further requests that an expedited procedure be used in the disposition of this petition, including issuance of an appropriate order without hearing.

Respectfully submitted,

JERSEY CENTRAL POWER & LIGHT COMPANY

Wendy S. Greengrove
Attorney for Petitioner
300 Madison Avenue
Morristown, New Jersey 07962-1911

Date: October 20, 1994

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STATE OF NEW JERSEY)
ss.
COUNTY OF MORRIS)

P. H. PREIS, of full age, being duly sworn according to law, upon his oath deposes and says:

1. I am Vice President and Comptroller of Jersey Central Power & Light Company, the petitioner named in the foregoing petition.

2. I have read the foregoing petition and the exhibits thereto and, to the best of my knowledge and belief, the same are true and properly set forth the accounting matters related thereto.

3. It is the intention of the petitioner in good faith to use the proceeds of the securities proposed to be issued for the purpose set forth in the petition and particularly in paragraph number 16 hereof.

P. H. Preis

Sworn to and subscribed
before me this 20th day
of October, 1994.

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EXHIBITS INTENTIONALLY EXCLUDED

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Exhibit D-2

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

NEWARK, NEW JERSEY

WEDNESDAY, FEBRUARY 8, 1995

BOARD MEETING

ITEM 3A - ELECTRIC

3A Docket No. EF 94100475 - Order Authorizing the Issuance of Subordinated Debentures, the Execution of an Original Indenture, and Supplemental Indentures, the Execution of One or More Guarantees and the Execution of a Demand Promissory Note - In the Matter of the Petition of Jersey Central Power & Light Company for Authority to (i) Issue Up to $125,000,000 Aggregate Principal Amount of Subordinated Debentures in One or More Series and to Make, Execute and Deliver an Original Indenture and One or More Supplemental Indentures in Connection Therewith; (ii) Make, Execute and Deliver One or More Guarantees with Respect to the Issuance and Sale of not More than $125,000,000 Aggregate Stated Liquidation Value of Monthly Income Preferred Securities; and (iii) Make, Execute and Deliver to a wholly Owned Subsidiary a Demand Promissory Note in an Aggregate Principal Amount of note More than $13,000,000.

BEFORE: PRESIDENT HERBERT H. TATE, JR.
COMMISSIONER EDMOND H. SALMON
COMMISSIONER CARMEN J. ARMENTI

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PRESIDENT TATE: Item 3A.

DR. GRYGIEL: Commissioners, this is a request by Jersey Central Power & Light Company for authorization to Issue $125 million of Monthly Income Preferred Securities, the purpose of which is to repay outstanding short-term debt.

If you recall in November of 1994, Public Service Electric & Gas sought a similar approval of an identical security and the Board by a two to one vote approved the transaction.

Since that time, the Staff has monitored in cooperation with the Petitioner developments in the MIPS market and from November until very recently last week, there

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still were no transactions involving MIPS that were sold on a competitive basis. We believe in the arguments that we put forward in our memo with regard to a lower cost of capital using the MIPS and the benefits to the Company's equity capitalization as a result of the sale that the potential

benefits of the transaction continued to be present for Jersey Central as they were for Public Service Electric & Gas and we would recommend that the Board authorize Jersey Central to sell on a negotiated basis $125 million of MIPS.

PRESIDENT TATE: Any comments?

COMMISSIONER ARMENTI: Mr. President, Commissioner Salmon, Doctor, my position on these issuances is well documented I think going way back. Let me refer you to the November 4th PSE&G issuance. I believe that was Docket No. EF93080335, and let me just

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say from the outset I have no difficulty with the procedure or the investment firms, but I do have a problem not going out for competitive bids.

You indicated in your memo that 80 percent of these transactions were completed by Goldman Sachs because of their complicity and structuring. It seemed to me, am I to assume that there is 20 percent of investment firms who also restructure these type of deals?

DR. GRYGIEL: No, there is 20 percent of the total transactions in MIPS are handled by other investment banking firms. The set is around three to five firms that are active in that market, but basically Goldman Sachs and Merrill Lynch are probably the two most dominant players in that market.

As we noted before, Commissioner, when these MIPS are sold and they are sold

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basically to a retail market, that is to small individual investors, that the syndicates that is necessary to sell these on an economic basis are rather large. It could be as many as -- the last time, I think we had 12 investment banking firms in the main marketing group.

So, it's not as if Goldman Sachs or whoever the company ultimately chooses gains all of the benefits from the sale of the securities, they are divvied up among those who participate in the ultimate syndicate which could be as wide as I said of 11 major firms as well as subsidiary firms in the State of New Jersey and other places.

COMMISSIONER ARMENTI: My concern is that why can't the other three or four firms who participate in this type of activity not been asked to submit bids on a competitive

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basis?

DR. GRYGIEL: I think there is two points to make: one is that neither in the non-utility sector or in the utility sector has there been such a transaction which to me is fairly compelling evidence that if there were benefits to be gained from doing it on a competitive basis, by now someone would have taken the leap and done it.

Secondly, in terms of the underwriting risk involved on the bid and given that it is a retail market, it is not unusual for retail transactions to be negotiated to avoid the potential of having to keep on your shelves unsold securities.

COMMISSIONER ARMENTI: As I recall, the commission in the November 4th PSE&G transaction amounted to approximately $6 million.

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DR. GRYGIEL: I think as a rough number that's right. Remember as we explained later, the $6 million was the aggregate which was then --

COMMISSIONER ARMENTI: Divvied up.

DR. GRYGIEL: Yes, divvied up among 12 or 13 of -- I keep increasing the numbers, I started with 11 -- among a large number of as many as 10 other underwriting firms. So again that is not available for the sole disposition of the lead underwriter.

COMMISSIONER ARMENTI: And I understand that this transaction could amount to approximately $2.5 to $4 million in commissions.

DR. GRYGIEL: In rough numbers, yes.

COMMISSIONER ARMENTI: If the other underwriters participate in this structuring of this type of a deal, why can't those other investment houses participate in the bidding process?

DR. GRYGIEL: Well, just a slight turn of a phrase, the other firms participate in

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the distribution of the shares, namely the selling of the shares. There is three or four firms who have specialized in the structuring of the transactions. The actual sale is open to anyone who wants to participate in the underwriting syndicate.

It's not an unusual phenomenon to have specialization in certain kinds of transactions that tend to prevail over some period of time.

COMMISSIONER ARMENTI: Doesn't though, as a rule -- I mean, investment house firms employees move from one investment house to another. If they accumulate a certain expertise at, say, Goldman & Sachs and I don't mean to point them out necessarily, but they were mentioned here.

DR. GRYGIEL: Sure.

COMMISSIONER ARMENTI: And they move over to Kidder Peabody, wouldn't they be able to structure a deal? Wouldn't they have the

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expertise because they moved from one house to another house?

DR. GRYGIEL: Again, just a slight point, moving from Goldman to Kidder would not at this time particularly be advantageous since Kidder is not a player in this market. The notion of the expertise is yes partially embedded in specific individuals, but it is also embedded in underwriter's counsel, which is there irrespective of who is chosen and it is embedded in the structure of each of the firms that have undertaken the investment in knowledge to be able to do these transactions on an efficient basis.

COMMISSIONER ARMENTI: It is the utility who contacts the firm, is that correct?

DR. GRYGIEL: Well, it's one knocking on one door and one knocking on the other door. Given the current markets, I would assume

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that the underwriting firms are making -- those who have the ability and the confidence of the market to do these transactions are knocking on doors saying we can do it, give us an opportunity to do it.

COMMISSIONER ARMENTI: How does the utility determine, in this case JCP&L, whether there are any other investment houses who would be willing to participate?

DR. GRYGIEL: All of the MIPS transactions, whether they are utility or non-utility are recorded and reviewed by the SEC. Those transactions and the details of those transactions in terms of commissions and underwriting fees are all public information.

In addition, the individual companies who issue the MIPS are periodically called to

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ask how that transaction went, were they satisfied with the distribution, was it done on a timely basis? So, there are ways for Jersey Central in this case to assure itself that (a) it is getting an appropriate rate and (b) it is getting an appropriate distribution for what it wants to achieve in terms of retail holding of these particular securities.

COMMISSIONER ARMENTI: I just failed to understand why they just don't test the market on behalf of the ratepayers.

DR. GRYGIEL: Well, I don't disagree. That is a thought that I take to bed sometimes also, like why can't I get up in the morning and look at the paper and there's a competitive deal and I can cut it out, run down here and say, we've got our first of

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these now. But, it just hasn't happened.

I think one part of it is that the benefits from the MIPS transactions in terms of the tax deductibility of interest produces a very low effective rate and the companies are in a sense anxious to get these securities on their books so that they benefits to the ratepayers ultimately of the lower rate will be sufficient to meet the concerns that you have in terms of the absolute lowest rate.

Would the rate be any lower under a competitive scenario? I think we have had a

lot of these discussions and the professional, academic literature does not produce a conclusive answer. There are circumstances in which competitive bids will produce a lower rate and circumstances in which negotiated will produce a lower bid.

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COMMISSIONER ARMENTI: Mr. President, Commissioner Salmon, I have great respect as always for Dr. Grygiel's expertise, except when he says he goes to bed with a MIP.

(Laughter.)

I have to wonder about his judgment.

PRESIDENT TATE: I think you made your point.

COMMISSIONER ARMENTI: I still feel if we are going to divert from what all of us have indicated our policy is, that is go to competitive bid most times and other utilities are going to exercise this type of procedure, maybe we should have some guidelines or rules as to how we are going to handle this in the future.

I still maintain that the ratepayers' best interests are served by competitive bidding and I just can't support this.

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PRESIDENT TATE: All right. Any other comment?

COMMISSIONER SALMON: I would just like to make this comment for the record, Mr. President, that I believe that after reading the documentation that there are certain transactions where there would be a benefit by a negotiated effort as compared where most of the time you may do a competitive type bid.

I am confident after reading the materials and the recommendations of the Economist to vote in support of his recommendation for this transaction.

PRESIDENT TATE: The comments of Dr. Grygiel are noted and well taken about what the current competitive market is for the issuance of this type of security and, again, the comments of Commissioner Armenti in his statement are also well taken by this Board.

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COMMISSIONER SALMON: I'm going to make a motion that we accept the recommendation of our Chief Economist in the issuance of this Petition.

PRESIDENT TATE: And I will second that.

THE SECRETARY: Commissioner Salmon?

COMMISSIONER SALMON: Yes.

THE SECRETARY: Commissioner Armenti?

COMMISSIONER ARMENTI: No.

THE SECRETARY: President Tate.

PRESIDENT TATE: Yes.

DR. GRYGIEL: Commissioner, before I go to Item 3B, we would note that we do and we will continue to monitor all MIPS transactions and pursue as we had between the last transaction and this one any development which would indicate that someone has successfully done one of these on a competitive basis.

But, I would point out that the Board has really crafted out a small subset of transactions that it allows to go on a

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negotiated basis. The preponderance of transactions are done within guidelines of competitive bids.

PRESIDENT TATE: Thank you, Dr. Grygiel.

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Exhibit F-1

(LETTERHEAD OF BERLACK, ISRAELS & LIBERMAN)

February 22, 1995

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Jersey Central Power & Light Company -
Application on Form U-1
SEC File No. 70-8495

Gentlemen:

We have examined the Application on Form U-1, dated October 20, 1994, under the Public Utility Holding Company Act of 1935 (the "Act"), filed by Jersey Central Power & Light Company ("JCP&L") with the Securities and Exchange Commission and docketed in SEC File No. 70-8495, as amended by Amendment No. 1 thereto, dated this date, of which this opinion is to be a part. (The Application, as thus to be amended, is hereinafter referred to as the "Application".)

The Application contemplates, among other things, the organization by JCP&L of a special purpose Delaware corporate subsidiary (JCP&L Preferred Capital, Inc.) to become the sole general partner of a newly formed Delaware limited partnership, JCP&L Capital, L.P. ("JCP&L Capital"), the issuance and sale by JCP&L Capital of up to 5,000,000 preferred securities, representing preferred limited partner interests (the "Preferred Securities"), the proceeds of which, together with the capital contribution of the general partner, will be used to purchase

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subordinated debentures issued by JCP&L (the "Subordinated Debentures"). JCP&L will guarantee (the "Guarantee") the payment by JCP&L Capital of distributions on the Preferred Securities and of amounts due upon liquidation of JCP&L Capital or redemption of the Preferred Securities, all to the extent set forth in the Guarantee. The Preferred Securities are to be issued by JCP&L Capital pursuant to an Amended and Restated Limited Partnership Agreement and one or more Actions thereunder (collectively, the "Limited Partnership Agreement") and the Subordinated Debentures are to be issued by JCP&L pursuant to an indenture between JCP&L

and United States Trust Company of New York, as Trustee (the "Indenture").

For many years, we have participated in various proceedings related to the issuance and sale of securities by JCP&L, its parent, General Public Utilities Corporation, and its affiliates, Metropolitan Edison Company and Pennsylvania Electric Company, and we are familiar with the terms of the outstanding securities of the corporations comprising the General Public Utilities holding company system.

We have examined copies, signed, certified or otherwise proven to our satisfaction, of the Restated Certificate of Incorporation and By-Laws of JCP&L, and of the forms of Limited Partnership Agreement and Indenture. We have also examined the Petition filed by JCP&L with the New Jersey Board of Public Utilities ("NJBPU") and the relevant portion of the transcript from the February 8, 1995 Agenda Meeting of the NJBPU, at which the Petition was approved. We have also examined such other instruments, agreements and documents and made such further investigation as we have deemed necessary as a basis for this opinion.

With respect to all matters of New Jersey law, we have relied upon the opinion of Richard S. Cohen, Esq., and with respect to all matters of Delaware law, we have relied upon the opinion of Richards, Layton & Finger, which are being filed as

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Exhibits F-2 and F-3, respectively, to the Application.

Based upon the foregoing, and assuming that the transactions therein proposed are carried out in accordance with the Application, we are of the opinion that when (i) the Commission shall have entered an order forthwith granting the Application, (ii) all necessary corporate and partnership action required on the part of JCP&L, JCP&L Preferred Capital, Inc. and JCP&L Capital shall have been duly taken, (iii) all action under state "Blue Sky" laws to permit the consummation of the proposed transactions shall have been completed, and (iv) the certificates representing the Preferred Securities and Subordinated Debentures are, upon issuance thereof, duly signed, countersigned and authenticated, as may be necessary, and assuming that the Preferred Securities and Subordinated Debentures are issued and sold under circumstances which are permitted under Section 12(f) of the Act and Rule 70 of the General Rules and Regulations under the Act,

(a) all State laws applicable to the proposed transactions will have been complied with;

(b) JCP&L Capital, the proposed issuer of the Preferred Securities, has been duly formed and is validly existing in good standing as a limited partnership;

(c) JCP&L, the proposed issuer of the Subordinated Debentures and the Guarantee, is validly organized and duly existing;

(d) upon payment of the purchase price therefor by the purchasers thereof, the Preferred Securities will be validly issued, fully paid and non-assessable limited partner interests, and the holders thereof will be entitled to the rights and privileges appertaining thereto set forth in the Limited Partnership Agreement;

(e) upon payment of the purchase price therefor

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by the purchasers thereof, the Subordinated Debentures will be the valid and binding obligations of JCP&L in accordance with their terms, and the Guarantee will be the valid and binding obligation of JCP&L in accordance with its terms subject, in each case, to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors rights generally (including, without limitation, the Atomic Energy Act and applicable regulations of the Nuclear Regulatory Commission thereunder) and general equitable principles; and

(f) the consummation of the proposed transactions will not violate the legal rights of the holders of any securities issued by JCP&L or any "associate company" thereof, as defined in the Act.

We hereby consent to the filing of this opinion as an exhibit to the Application and in any proceedings before the Commission that may be held in connection therewith.

Very truly yours,

BERLACK, ISRAELS & LIBERMAN

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Exhibit F-2

(Letterhead of R.S. Cohen)

February 22, 1995

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: Jersey Central Power & Light Company -
Application on Form U-1
SEC File No. 70-8495

Gentlemen:

I have examined the Application on Form U-1, dated October 20, 1994, under the Public Utility Holding Company Act of 1935 (the "Act"), filed by Jersey Central Power & Light Company ("JCP&L") with the Securities and Exchange Commission and docketed in SEC File No. 70-8495, as amended by Amendment No. 1 thereto dated this date, of which this opinion is to be a part. (The Application, as thus to be amended, is hereinafter referred to as the "Application".)

The Application contemplates, among other things, the organization by JCP&L of a special purpose Delaware corporate subsidiary (JCP&L Preferred Capital, Inc.) to become the sole general partner of a newly formed Delaware limited partnership, JCP&L Capital, L.P. ("JCP&L Capital"), the issuance and sale by JCP&L Capital of up to 5,000,000 preferred securities, representing preferred limited partner interests (the "Preferred Securities"), the proceeds of which, together with the capital contribution of the general partner, will be used to purchase

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subordinated debentures issued by JCP&L (the "Subordinated Debentures"). JCP&L will guarantee (the "Guarantee") the payment by JCP&L Capital of distributions on the Preferred Securities and of amounts due upon liquidation of JCP&L Capital or redemption of the Preferred Securities, all to the extent set forth in the Guarantee. The Preferred Securities are to be issued by JCP&L Capital pursuant to an Amended and Restated Limited Partnership Agreement and one or more Actions thereunder (collectively, the "Limited Partnership Agreement") and the Subordinated Debentures are to be issued by JCP&L pursuant to an indenture between JCP&L and United States Trust Company of New York, as Trustee (the "Indenture").

I am Corporate Counsel of JCP&L and for many years, I have participated in various proceedings related to the issuance and sale of securities by JCP&L, and am familiar with the terms of the outstanding securities of JCP&L.

I have examined copies, signed, certified or otherwise proven to my satisfaction, of the Restated Certificate of Incorporation and By-Laws of JCP&L, each as amended to date, and of the forms of Limited Partnership Agreement and Indenture. I have also examined the Petition filed by JCP&L with the New Jersey Board of Public Utilities ("NJBPU") and the relevant portion of the transcript from the February 8, 1995 Agenda Meeting of the NJBPU, at which the Petition was approved. I have also examined such other instruments, agreements and documents and made such further investigation as I have deemed necessary as a basis for this opinion.

Based upon the foregoing, and assuming that the transactions therein proposed are carried out in accordance with the Application, I am of the opinion, insofar as matters governed by the laws of the State of New Jersey are concerned, that when (i) the Commission shall have entered an order forthwith granting the Application, (ii) all necessary corporate and partnership action required on the part of JCP&L, JCP&L Preferred Capital, Inc. and JCP&L Capital shall have been duly taken, (iii) all action under state "Blue Sky" laws to permit the consummation of the proposed transactions shall have been completed, and (iv) the certificates representing the Preferred Securities and Subordinated Debentures are, upon issuance thereof, duly signed, countersigned and authenticated, as may be necessary, and assuming that the Preferred Securities and Subordinated Debentures are issued and sold under circumstances which are permitted under Section 12(f) of the Act and Rule 70 of the

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General Rules and Regulations under the Act,

(a) all laws of the State of New Jersey applicable to the proposed transactions will have been complied with;

(b) JCP&L, the proposed issuer of the Subordinated Debentures and the Guarantee, is validly organized and duly existing;

(c) upon payment of the purchase price therefor by the purchasers thereof, the Subordinated Debentures will be the valid and binding obligations of JCP&L in accordance with their terms, and the Guarantee will be the valid and binding obligation of JCP&L in accordance with its terms subject, in each case, to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors rights generally (including, without limitation, the Atomic Energy Act and applicable regulations of the Nuclear Regulatory Commission thereunder) and general equitable principles; and

(d) the consummation of the proposed transactions will not violate the legal rights of the holders of any securities issued by JCP&L.

I hereby consent to the filing of this opinion as an exhibit to the Application and in any proceedings before the Commission that may be held in connection therewith.

Very truly yours,

Richard S. Cohen

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(LETTERHEAD OF RICHARDS, LAYTON & FINGER)

Exhibit F-3

February 22, 1995

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Jersey Central Power & Light Company
Application on Form U-1
SEC File No. 70-8495

Ladies and Gentlemen:

We have acted as special Delaware counsel for JCP&L Capital, L.P., a Delaware limited partnership (the "Partnership"), in connection with the matters set forth herein. At the Partnership's request, this opinion is being furnished to you. Initially capitalized terms used herein and not otherwise defined are used as defined in the LP Agreement (as defined below).

The Application (as defined below) contemplates, among other things, (i) the organization by Jersey Central Power & Light Company, a New Jersey corporation ("Jersey Central Power & Light Company"), of JCP&L Preferred Capital, Inc., a Delaware corporation (the "General Partner"), to become the sole general partner of the Partnership, and (ii) the issuance and sale by the Partnership of up to 5,000,000 Preferred Partner Interests. The issuance and sale by the Partnership of the Preferred Partner Interests pursuant to the LP Agreement are hereinafter referred

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to as the "Transaction."

For purposes of giving the opinions hereinafter set forth, our examination of documents has been limited to the examination of originals or copies of the following:

(a) The Certificate of Limited Partnership of the Partnership, dated as of February 21, 1995 (the "Partnership Certificate"), as filed in the office of the Secretary of State of the State of Delaware (the "Secretary of State") on February 21, 1995;

(b) The Limited Partnership Agreement of the Partnership, dated as of February 21, 1995;

(c) The Application on Form U-1, dated October 20, 1994 (the "Original Application"), under the Public Utility Holding Company Act of 1935, filed by Jersey Central Power & Light Company with the Securities and Exchange Commission and docketed in SEC File No. 70-8495, as amended by Amendment No. 1 to the Original Application, dated February 22, 1995 ("Amendment No. 1") (the Original Application as amended by Amendment No. 1 is referred to as the "Application");

(d) A form of Amended and Restated Limited Partnership Agreement of the Partnership, filed as an exhibit to the Application (the "Agreement");

(e) A form of Action of the General Partner relating to the Preferred Partner Interests (the "Action");

(f) The Certificate of Incorporation of the General Partner, dated February 21, 1995 (the "Certificate of Incorporation"), as filed in the office of the Secretary of State on February 21, 1995;

(g) The By-Laws of the General Partner (the "By-Laws");

(h) A certificate of an officer of the General

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Partner;

(i) A Certificate of Good Standing for the Partnership, dated February 22, 1995, obtained from the Secretary of State; and

(j) A Certificate of Good Standing for the General Partner, dated February 22, 1995, obtained from the Secretary of State.

The Agreement as amended and supplemented by the Action is referred to as the "LP Agreement."

For purposes of this opinion, we have not reviewed any documents other than the documents listed in paragraphs (a) through (j) above. In particular, we have not reviewed any document (other than the documents listed in paragraphs (a) through (j) above) that is referred to in or incorporated by reference into the LP Agreement or the Application. We have assumed that there exists no provision in any document that we have not reviewed that is inconsistent with the opinions stated herein. We have conducted no independent factual investigation of our own but rather have relied solely upon the foregoing documents, the statements and information set forth therein and the additional matters recited or assumed herein, all of which we

have assumed to be true, complete and accurate in all material respects.

With respect to all documents examined by us, we have assumed (i) the authenticity of all documents submitted to us as authentic originals, (ii) the conformity with the originals of all documents submitted to us as copies or forms, and (iii) the genuineness of all signatures.

For purposes of this opinion, we have assumed (i) that the LP Agreement constitutes the entire agreement among the parties thereto with respect to the subject matter thereof, including with respect to the admission of partners to, and the creation, operation and termination of, the Partnership, and that the LP Agreement and the Partnership Certificate are in full

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force and effect and have not been amended, (ii) that the Board of Directors of the General Partner has duly adopted resolutions (collectively, the "Resolutions") authorizing the General Partner's execution and delivery of, and the performance of its obligations under, the LP Agreement, (iii) that the Certificate of Incorporation and the By-Laws are in full force and effect and have not been amended, (iv) except to the extent provided in paragraph 2 below, the due organization or due formation, as the case may be, and valid existence in good standing of each party to the documents examined by us under the laws of the jurisdiction governing its organization or formation, (v) the legal capacity of natural persons who are parties to the documents examined by us, (vi) except to the extent set forth in the last sentence of paragraph 3 below, that each of the parties to the documents examined by us has the power and authority to execute and deliver, and to perform its obligations under, such documents, (vii) the due authorization, execution and delivery by all parties thereto of all documents examined by us, including the LP Agreement, (viii) the receipt by each Person to be admitted to the Partnership as a limited partner of the Partnership in connection with its purchase of Preferred Partner Interests (each, a "Preferred Partner" and collectively, the "Preferred Partners") of a Certificate and the payment for the Preferred Partner Interests acquired by it, in accordance with the LP Agreement, (ix) that the books and records of the Partnership set forth all information required by the LP Agreement and the Delaware Revised Uniform Limited Partnership Act (6 Del. C. Section 17-101, et seq.), including all information with respect to all Persons to be admitted as Partners and their contributions to the Partnership, (x) that the Preferred Partner Interests are issued and sold to the Preferred Partners in accordance with the LP Agreement, (xi) that the Preferred Partners, as limited partners of the Partnership, take no action other than actions required or permitted by the LP Agreement and exercise no rights or powers other than rights and powers the exercise of which are required or permitted by the LP Agreement, and (xii) that neither the Partnership, the General

Partner nor Jersey Central Power & Light Company derives income from or connected with sources within the State of Delaware or

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has any assets, activities (other than the Partnership's and the General Partner's maintenance of a registered office and registered agent in the State of Delaware and the Partnership's and the General Partner's filing of documents with the Secretary of State) or employees in the State of Delaware. We have not participated in the preparation of the Application and assume no responsibility for
its contents.

This opinion is limited to the laws of the State of Delaware (excluding the securities laws of the State of Delaware), and we have not considered and express no opinion on the laws of any other jurisdiction, including federal laws and rules and regulations relating thereto. Our opinions are rendered only with respect to Delaware laws and rules, regulations and orders thereunder which are currently in effect.

Based upon the foregoing, and upon our examination of such questions of law and statutes of the State of Delaware as we have considered necessary or appropriate, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. The Transaction does not violate applicable Delaware law.

2. The Partnership has been duly formed and is validly existing in good standing as a limited partnership under the laws of the State of Delaware.

3. Upon issuance and payment as contemplated by the LP Agreement, the Preferred Partner Interests will be validly issued and, subject to the qualifications set forth herein, will be fully paid and nonassessable limited partner interests in the Partnership, as to which the Preferred Partners, as limited partners of the Partnership, will have no liability in excess of their obligations to make payments provided for in the LP Agreement and their share of the Partnership's assets and undistributed profits (subject to the obligation of a Preferred Partner to repay any funds wrongfully distributed to it). Each Preferred Partner will be entitled to the rights and privileges of a Preferred Partner that are set forth in the LP Agreement. The General Partner has the requisite corporate power and authority under the General Corporation Law of the State of Delaware (8 Del. C. Section 101, et seq.), the Certificate of Incorporation, the By-Laws and the Resolutions to execute and deliver, and to perform its obligations under, the LP Agreement.

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4. The consummation of the Transaction will not violate the legal rights of Jersey Central Power & Light Company, in its capacity as the sole stockholder of the General Partner, the General Partner, in its capacity as a general partner of the Partnership, or the Preferred Partners, in their capacity as limited partners of the Partnership.

In rendering the opinions expressed herein, we express no opinion regarding applicable law relating to fiduciary duties.

The opinion expressed in the second sentence of paragraph 3 above is subject to (i) bankruptcy, insolvency, moratorium, receivership, reorganization, liquidation, fraudulent conveyance and other similar laws relating to or affecting the rights and remedies of creditors generally, and (ii) principles of equity (regardless of whether considered and applied in a proceeding in equity or at law).

We consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Application. We also consent to Berlack, Israels & Liberman's and Richard S. Cohen, Esquire's relying as to matters of Delaware law upon this opinion in connection with opinions to be rendered by them to you in connection with the Application. Except as stated above, without our prior written consent, this opinion may not be furnished or quoted to, or relied upon by, any other person or entity for any purpose.

Very truly yours,

RICHARDS, LAYTON & FINGER

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