FORM U-1/A

Application or declaration under the act 1935 [amend]

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SYSTEM ENERGY RESOURCES INC

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SIC: **4911** Electric services

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File No. 70-8215

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM U-1

AMENDMENT NO. 3

to

APPLICATION-DECLARATION
under
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

System Energy Resources, Inc.
Echelon One
1340 Echelon Parkway
Jackson, Mississippi 39213

(Name of company filing this statement and
address of principal executive offices)

ENTERGY CORPORATION

(Name of top registered holding company
parent of each applicant or declarant)

Glenn E. Harder
Vice President-Financial Strategies
and Treasurer
System Energy Resources, Inc.
P.O. Box 61000
New Orleans, Louisiana 70161

(Name and address of agent of service)

The Commission is also requested to send copies
of any communications in connection with this matter to:

Robert B. McGehee
Wise Carter Child & Caraway,

William T. Baker, Jr., Esq.
Reid & Priest

Professional Association
P.O. Box 651
Jackson, Mississippi 39205

40 West 57th Street
New York, New York 10019

Item 1. Description of Proposed Transactions.

Item 1 of the Application-Declaration on Form U-1 in this proceeding is hereby supplemented to add the following to the end thereof:

"As described in more detail in previous filings in this proceeding, System Energy Resources, Inc. ("Company") requested authorization from the Securities and Exchange Commission ("Commission"), among other things, to refund outstanding Secured Lease Obligation Bonds issued in 1989 in connection with the sale and leaseback of undivided interests in Grand Gulf 1 by causing a funding corporation or comparable entity to issue one or more new series of its Secured Lease Obligation Bonds in an aggregate principal amount not to exceed $456,857,100 ("Refunding Bonds"). By notice dated July 2, 1993 (Holding Company Act Rel. No. 25844), the Commission authorized the Company to undertake negotiations with respect to, among other things, the proposed issuance and sale of the Refunding Bonds. Pursuant to such notice, the Company has engaged in and has now concluded negotiations for the proposed issuance and sale of two new series of Refunding Bonds ("New Refunding Bonds"), in an aggregate principal amount of $435,102,000, in a negotiated public offering through Morgan Stanley & Co. Incorporated, Bear Stearns & Co. Inc. and Goldman, Sachs & Co. ("Underwriters").

"The New Refunding Bonds will be issued by a new funding corporation, GG1B Funding Corporation ("New Funding Corporation"), pursuant to a new Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, among New Funding Corporation, the Company and Bankers Trust Company as Trustee. The New Refunding Bonds will consist of two series: the Secured Lease Obligation Bonds, 7.43% Series due 2011, to be issued in an aggregate principal amount of $356,056,000 (the "2011 Bonds"), and the Secured Lease Obligation Bonds, 8.20% Series due 2014, to be issued in an aggregate principal amount of $79,046,000 (the "2014 Bonds"). Both series of the New Refunding Bonds will bear interest from the date of issuance at the rates stated in their respective titles, payable on July 15 and January 15 of each year, commencing July 15, 1994, and will mature on January 15 in the years stated in their respective titles. The Company will arrange

for the payment of underwriting commissions of .750% of the principal amount of the 2011 Bonds ($2,670,420) and .875% of the principal amount of the 2014 Bonds ($691,652), for a total of $3,362,072. The effective interest cost of the 2011 Bonds is 7.536% per annum, and the effective interest cost of the 2014 Bonds is 8.292% per annum.

"The Underwriters have advised the Company that they propose to offer all or part of the New Refunding Bonds directly to the public at the public offering price of 100% of the principal amount thereof (plus accrued interest, if any, from the date of issuance), that they propose to offer all or part of the New Refunding Bonds to certain dealers at a price which represents a concession of .45% (in the case of the 2011 Bonds) and .50% (in the case of 2014 Bonds) of the principal amount under the public offering price, and that the Underwriters may allow and such dealers may reallow a concession, not in excess of .25% (in the case of the 2011 Bonds) and .25% (in the case of the 2014 Bonds) of the principal amount, to certain other dealers and brokers.

"The New Refunding Bonds will be subject to periodic principal installment payments which will result in the repayment of 100% of the principal amount by January 15, 2011 in the case of the 2011 Bonds and by January 15, 2014 in the case of the 2014 Bonds. On each installment payment date set forth below, the New Funding Corporation will pay an installment of principal of each New Refunding Bond of each series equal in amount (subject to adjustment in certain circumstances) to the variable installment payment percentage (set forth below and in the Collateral Trust Indenture, as supplemented) for such series for such date, multiplied by the original principal amount of such New Refunding Bond.

Installment Payment Date	Installment Payment Percentage 2011 Bonds	2014 Bonds
July 15, 1995.....	1.4675456%	-
July 15, 1996.....	2.8658604	-
July 15, 1997.....	3.0787941	-
January 15, 1998.....	2.7515896	-
July 15, 1998.....	0.6581805	-
January 15, 1999.....	2.9639208	-
July 15, 1999.....	0.7070832	-
January 15, 2000.....	3.2327951	-
July 15, 2000.....	0.6048021	-
January 15, 2001.....	5.4591407	-
January 15, 2002.....	7.9291912	-
January 15, 2003.....	6.9943107	-
January 15, 2004.....	3.5119740	-
January 15, 2005.....	8.0857947	-

January 15, 2006.....	6.4564431	-
January 15, 2007.....	6.5538376	-
January 15, 2008.....	7.4992341	-
January 15, 2009.....	7.9875859	-
January 15, 2010.....	11.7157832	-
January 15, 2011.....	9.4761335	-
January 15, 2012.....	-	10.5577562%
January 15, 2013.....	-	38.6912684
January 15, 2014.....	-	50.7509754

"The New Refunding Bonds are subject to redemption upon certain terminations of the Leases at a redemption price equal to the unpaid principal amount thereof plus accrued interest to the redemption date.

"Except in the above circumstances, the New Refunding Bonds will not be subject to prepayment or redemption prior to January 15, 2004. On and after January 15, 2004, the New Refunding Bonds will be subject to redemption, at the option of the New Funding Corporation, in whole at any time or in part from time to time at the redemption prices (expressed as a percentage of unpaid principal amount, beginning at 102.477% in the 12-month period beginning January 15, 2004 and decreasing to 100% in the 12-month period beginning January 15, 2009 in the case of the 2011 Bonds, and beginning at 104.100% in the 12-month period beginning January 15, 2004 and decreasing to 100.410% in the 12-month period beginning January 15, 2013 in the case of the 2014 Bonds) set forth below plus accrued interest to the date of redemption:

2011 Bonds

If redeemed in the 12-month period beginning January 15	Redemption Price
2004.....	102.477
2005.....	101.981
2006.....	101.486
2007.....	100.991
2008.....	100.495
2009.....	100.000
2010.....	100.000

2014 Bonds

If redeemed in the 12-month period beginning January 15	Redemption Price
2004.....	104.100
2005.....	103.690

2006.....	103.280
2007.....	102.870
2008.....	102.460
2009.....	102.050
2010.....	101.640
2011.....	101.230
2012.....	100.820
2013.....	100.410

Reference is made to Exhibits A-3(c) and A-3(d) hereto for further information with respect to the terms of the New Refunding Bonds.

"The proceeds to be received from the issuance and sale of the New Refunding Bonds will be used to refund the Secured Lease Obligation Bonds issued in 1989. None of such proceeds will be used to invest at directly or indirectly in an exempt wholesale generator ("EWG") or foreign utility company, as defined in Section 32 or 33, respectively, of the Holding Company Act. The Company will not use any savings derived from the refunding transaction to acquire or otherwise invest in an EWG.

"Entergy Corporation, through its subsidiaries, Entergy Power Development Corporation and Entergy Richmond Power Corporation, has a 50% interest in a limited partnership, Richmond Power Enterprises L.P. ("Richmond"), that owns a 250 MW gas-fired combined cycle independent power plant in Richmond, Virginia that has been certified by the Federal Energy Regulatory Commission as an EWG. At September 30, 1993, the Entergy System's investment (including equity investment and other contingent obligations) in Richmond was $12.675 million, which represents less than 1% of Entergy's predecessor corporation's total consolidated assets of $15.463 billion, and less than 1% of Entergy's predecessor corporation's consolidated retained earnings of $2.366 billion. At September 30, 1993, the equity investment in this project was $12.5 million, compared to Entergy's predecessor corporation's total consolidated common stock equity of $4.562 billion. Richmond had revenues of $27.223 million and earnings of $1.743 million for the nine-month period ended September 30, 1993."

Item 2. Fees, Commissions and Expenses.

Reference is made to Item 14 of Exhibit C-1 in this proceeding for information with respect to the estimated fees and expenses (exclusive of underwriting discounts and commissions) in connection with the issuance and sale of New Refunding Bonds.

Item 5. Procedure.

The Company hereby requests that the Commission issue a further supplemental order herein as soon as practicable, but in any event no later than January 14, 1994, approving the proposed terms and conditions of the sale of the New Refunding Bonds, and the related fees, commissions, and expenses, and releasing jurisdiction over the same.

The Company waives a recommended decision by a hearing officer or any other responsible officer of the Commission; agrees that the Staff of the Division of Investment Management may assist in the preparation of the Commission's decision; and requests that there be no waiting period between the issuance of the Commission's supplemental order and the date on which it is to become effective.

Item 6. Exhibits and Financial Statements.

(a) Exhibits:

A-3(c)	Revised form of Collateral Trust Indenture.
A-3(d)	Revised form of Supplemental Indenture No. 1 to Collateral Trust Indenture.
B-3(c)	Revised form of Lease Supplement No. 2 to Facility Lease No. 1.
B-4(c)	Revised form of Lease Supplement No. 2 to Facility Lease No. 2.
B-7(c)	Revised form of Supplemental Indenture No. 2 to Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 1.
B-8(c)	Revised form of Supplemental Indenture No. 2 to Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 2.
B-9	Revised form of Underwriting Agreement.
B-10(a)	Revised form of Refunding Agreement No. 1-A.
B-11(a)	Revised form of Refunding Agreement No. 2-A.
B-12	Form of Amendment No. 1 to Tax Indemnity Agreements.

F Opinion of Reid & Priest, counsel for System Energy.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned company has duly caused this amendment to be signed on its behalf by the undersigned thereunto duly authorized.

SYSTEM ENERGY RESOURCES, INC.

By: /s/ Lee W. Randall
Lee W. Randall
Vice President and Chief
Accounting Officer

Date: January 13, 1994

Exhibit A-3(c)

COLLATERAL TRUST INDENTURE

dated as of January 1, 1994

AMONG

GG1B FUNDING CORPORATION,

SYSTEM ENERGY RESOURCES, INC.

AND

BANKERS TRUST COMPANY,
not in its individual capacity, but solely as Trustee

_____

Providing for the Issuance from Time to Time of
Securities To Be Issued in One or More Series

Sale and Leaseback of Two Undivided Interests in
Grand Gulf Nuclear Station Unit No. 1

GG1B FUNDING CORPORATION

SYSTEM ENERGY RESOURCES, INC.

Reconciliation and tie between Indenture
dated as of January 1, 1994

and

Trust Indenture Act of 1939

Section of Act				Section of Indenture
310	(a)	(1)		9.09
		(2)		9.09
		(3)		9.15(b)(2)
		(4)		Inapplicable
		(5)		9.09
	(b)			9.08, 9.10
	(c)			9.13
311	(a)			9.13
	(b)			9.13
	(c)			Inapplicable
312	(a)			10.01
	(b)			10.01
	(c)			10.01
313	(a)			10.02
	(b)			10.02
	(c)			10.02
	(d)			10.02
314	(a)			10.02
	(b)			5.06
	(c)	(1)		1.02
		(2)		1.02
		(3)		2.04(g)(i)
	(d)	(1)		5.11
		(2)		Inapplicable
		(3)		2.04(g)(ii)
	(e)			1.02
315	(a)			9.01,9.03
	(b)			9.02
	(c)			9.01
	(d)	(1)		9.01
		(2)		9.01
		(3)		9.01
	(e)			8.10
316	(a)	(1)	(A)	8.07
			(B)	8.08
		(2)		Inapplicable
(a) (last sentence)				1.01 ("Outstanding"
	(b)			8.11

317(a)(1)	8.05(a)
(2)	8.05(d)
(b)	5.03
	9.14(a)
318(a)	1.07

Note: This reconciliation and tie shall not, for any purpose, be deemed to constitute a part of the Indenture.

COLLATERAL TRUST INDENTURE

Collateral Trust Indenture, dated as of January 1, 1994, among GG1B Funding Corporation, a Delaware corporation (the "Company"), having its principal office and mailing address at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, System Energy Resources, Inc., an Arkansas corporation ("SERI"), having its principal office and mailing address at Echelon One, 1340 Echelon Parkway, Jackson, Mississippi 39213 and Bankers Trust Company, a New York banking corporation, not in its individual capacity but solely as trustee (hereinafter called the "Trustee") having its corporate trust office at Four Albany Street, New York, New York 10006,

W I T N E S S E T H:

Whereas, the Company has duly authorized the creation of an issue of its debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture; and to secure the Securities and to provide for the authentication and delivery thereof by the Trustee, the Company has duly authorized the execution and delivery of this Indenture; and

Whereas, all acts necessary to make this Indenture a valid instrument for the security of the Securities, in accordance with its and their terms, have been done;

Now, Therefore, This Indenture Witnesseth, that, to secure the payment of the principal of and premium, if any, and interest on all the Securities authenticated and delivered hereunder and issued by the Company and outstanding, and the performance of the covenants therein and herein contained, and in consideration of the premises and of the covenants herein contained and of the purchase of the Securities by the holders thereof, and of the sum of one dollar

($1.00) paid to the Company by the Trustee at or before the delivery hereof, the receipt whereof is hereby acknowledged, the Company by these presents does grant, bargain, sell, release, convey, assign, pledge, transfer, mortgage, hypothecate and confirm unto the Trustee all and singular the following (which collectively are hereinafter called the "Pledged Property"), excluding, in any event, any moneys which are specifically stated herein not to constitute part of the Pledged Property, to wit:

RECITALS

All Pledged Lessor Notes (as hereinafter defined) as shall be actually pledged and assigned by the Company to the Trustee pursuant to the Series Supplemental Indentures or other supplemental indentures to be executed and delivered as provided in this Indenture, together with the interest of the Company, if any, in the Lease Indentures (as hereinafter defined) securing said Pledged Lessor Notes.

GRANTING CLAUSES

Any property, including cash, that may, from time, to time hereafter be subjected to the lien and/or pledge hereof by the Company or which, pursuant to any provision of this Indenture or any Series Supplemental Indenture or other supplemental indentures to be executed and delivered as provided in this Indenture, may become subjected to the lien and/or pledge hereof; and the Trustee is hereby authorized to receive the same at any time as additional security hereunder. Such subjection to the lien hereof of any such property as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the Company and/or by the Trustee respecting the scope or priority of such lien and/or pledge or the use and disposition of such property or the proceeds thereof.

To Have and to Hold the Pledged Property unto the Trustee and its successors and assigns forever subject to the terms of this Indenture, including, without limitation, Section 12.01.

But In Trust, Nevertheless, for the equal and proportionate benefit and security of the holders from time to time of all the Securities authenticated and delivered hereunder and issued by the Company and outstanding, without any priority of any one Security over any other.

And Upon The Trusts and subject to the covenants and conditions hereinafter set forth.

ARTICLE ONE

Definitions and Other Provisions of General Application

Section 1.01. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act (as hereinafter defined), either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(4) all reference in this Indenture to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture; and

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

Certain terms, used principally in Article Nine, are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 1.04.

"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. For the purposes of this definition, "control", when used with respect to any specified Person, 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.

"Authenticating Agent" means any Person acting as Authenticating Agent hereunder pursuant to Section 9.14.

"Authorized Agent" means any Paying Agent or Security Registrar or Authenticating Agent or other agent appointed by the Trustee in accordance with this Indenture to perform any function which this Indenture authorizes the Trustee or such agent to perform.

"Board of Directors" means, when used with respect to the Company, the board of directors of the Company and, when used with respect to SERI, the board of directors of SERI, or, in either case, any committee of that board duly authorized to act for it hereunder.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company or SERI, as the case may be, to have been duly adopted by the Board of Directors of such entity and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Saturday or Sunday or other day on which banks in New Orleans, Louisiana, New York, New York or the cities in which the Indenture Trustee's Offices (as defined in the respective Lease Indentures) are located, are authorized or obligated to be closed.

"Change" with respect to any instrument means any consent, amendment, waiver, approval, notice or direction or the execution, grant or giving of any thereof.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Request" or "Company Order" means a written request or order, as the case may be, signed in the name of the Company by its President or one of its Vice Presidents, and by its Treasurer, Secretary, or one of its Assistant Treasurers or Assistant Secretaries, and delivered to the Trustee.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time corporate trust business of the Trustee shall be administered, which at the date of this Indenture is Four Albany Street, New York, NY 10015, Attention: Corporate Trust & Agency Group, or such other office as may be designated by the Trustee to the Company, SERI and each Securityholder.

"Event or Default" has the meaning specified in Section 8.01.

"Extension Letter" means the Extension Letter, to be dated the date of the original issuance of a series of Pledged Lessor Notes and addressed to the Trustee by the parties to the Participation Agreement (other than the Original Loan Participants named therein) in accordance with which such series of Pledged Lessor Notes was issued, extending to the Trustee the representations, warranties and covenants of such parties (other than each Owner Participant) referred to in Section 11(c) of such Participation Agreement, and in the case of each Owner Participant, the representations, warranties and agreements set forth in Sections 2(b) and 2(c) of the Assignment and Assumption Agreement entered into by each such Owner Participant pursuant to Section 15(c) of the Participation Agreement in connection with the transfer of the Original Owner Participant's beneficial interest in the Trust Estate (as such term is defined in the Participation Agreement).

"Holder" or "Securityholder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Initial Interest Payment Date" with respect to any series of Securities means the date of the Stated Maturity of the initial installment of interest on Securities of such series.

"Installment Payment Amount", when used with respect to any Security the principal of which is payable in installments without presentment or surrender, means the amount of the installment payment of principal due and payable on each Installment Payment Date other than the Stated Maturity date thereof.

"Installment Payment Date", when used with respect to any Security the principal of which is payable in installments without presentment or surrender, means each date on which an installment payment of principal is due and payable on such Security, as set forth in the Series Supplemental Indenture creating the Securities of such series.

"Lease" means each Lease identified in Exhibit A hereto, as such Lease may be amended or supplemented from time to time pursuant to the applicable provisions thereof; "Leases" means each and every Lease.

"Lease Indenture" means each Lease Indenture identified in Exhibit A hereto, as such Lease Indenture may be amended or

supplemented from time to time pursuant to the applicable provisions thereof; "Lease Indentures" means each and every Lease Indenture.

"Lease Indenture Estate" shall have the meaning set forth in each Lease Indenture.

"Lease Indenture Trustee" means each Lease Indenture Trustee identified in Exhibit A hereto, until a successor Lease Indenture Trustee shall have become such pursuant to the applicable provisions of the Lease Indenture to which such Lease Indenture Trustee is a party, and thereafter "Lease Indenture Trustee" means the successor Lease Indenture Trustee; "Lease Indenture Trustees" means each and every Lease Indenture Trustee.

"Lease Payments" with respect to any Lease shall mean amounts payable under such Lease in respect of (i) basic rent, (ii) casualty value, (iii) special casualty value, (iv) any amount determined by reference to casualty value or special casualty value or (v) any other amounts payable in connection with termination of such Lease, in each case as more fully described in and assigned pursuant to the related Lease Indenture; "Lease Payments" with respect to all Leases means the aggregate of Lease Payments under any and all Leases.

"Lessor" or "Owner Trustee" means any Lessor or Owner Trustee identified in Exhibit A hereto, until a successor shall have become such pursuant to the applicable provisions of the related Trust Agreement identified in such schedule, and thereafter "Lessor" or "Owner Trustee" means such successor; "Lessors" or "Owner Trustees" means each and every Lessor or Owner Trustee.

"Lessor Note" means any promissory note issued by a Lessor under a Lease Indenture.

"Lien of this Indenture" or "lien hereof" means the lien and security interest created by these presents, or created by any concurrent or subsequent conveyance to the Trustee (whether made by the Company or any other Person and whether pursuant to a Series Supplemental Indenture or otherwise), or otherwise crested, constituting any property a part of the Pledged Property held by the Trustee for the benefit of the Securities Outstanding hereunder.

"Obligor", when used with reference to the Securities or this Indenture, means SERI and any successor to the obligations of SERI under a Lease, and does not include the Trustee, a Lease Indenture Trustee, an Owner Trustee or an Owner Participant so long as they have not assumed such obligations; provided, however, that no reference to SERI as an Obligor herein shall be construed as implying any guaranty or assumption of the Securities or the obligations repre sented thereby by SERI.

"Officers' Certificate" means a certificate signed by the

President or any Vice President and the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary of SERI, any Lessor or the Company, as the case may be, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel for any Person either expressly referred to herein or otherwise satisfactory to the Trustee which may include, without limitation, counsel to the Company, any Lessor, any Lease Indenture Trustee, any Owner Participant or SERI, whether or not such counsel is an employee of any of them.

"Outstanding" when used with respect to Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities or portions thereof deemed to have been paid within the meaning of Section 12.01 hereof; and

(iii) Securities which have been paid pursuant to Section 2.09 or in exchange for or in lieu of which other Securities have been issued, authenticated and delivered pursuant to this Indenture, other than any Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether or not the Holders of the requisite principal amount of the Securities Outstanding under this Indenture, or the Outstanding Securities of any series, have given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether or not a quorum is present at a meeting of Holders, Securities owned by the Company or SERI, or any Affiliate of either thereof, (unless such Persons own all Securities Outstanding under this Indenture, or all Outstanding Securities of each such series, as the case may be), shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded; provided, however, that Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or SERI, or any Affiliate of either thereof.

"Owner Participant" means any Owner Participant identified in Exhibit A hereto, until a transferee, successor or assignee thereof shall have become such pursuant to the applicable provisions of the Participation Agreement to which such Owner Participant is a party, and thereafter "Owner Participant" means such transferee, successor or assignee; "Owner Participants" means each and every Owner Participant.

"Participation Agreement" means each Participation Agreement identified in Exhibit A, hereto, as such Participation Agreement may be amended from time to time pursuant to the applicable provisions thereof; "Participation Agreements" means each and every Participation Agreement.

"Paying Agent" means any Person acting as Paying Agent hereunder pursuant to Section 9.14.

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

"Place of Payment", when used with respect to the Securities of any series, means the office or agency maintained pursuant to Section 5.02 and such other place or places, if any, where the principal of and premium, if any, and interest on the Securities of such series are payable as specified in the Series Supplemental Indenture setting forth the terms of the Securities of such series.

"Pledged Lessor Note" means each Lessor Note identified in a schedule to a Series Supplemental Indenture, as such Lessor Note may be amended or supplemented from time to time pursuant to the applicable provisions thereof, of the related Lease Indenture and of this Indenture; "Pledged Lessor Notes" means each and every Pledged Lessor Note.

"Pledged Property" has the meaning set forth in the Granting Clauses.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; for the purposes of this definition, any Security authenticated and delivered under Section 2.09 in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the lost, destroyed or stolen Security.

"Principal Instruments" means the Pledged Lessor Notes, the Lease Indentures, the Participation Agreements and the Leases.

"Redeemed Securities" shall have the meaning specified in Section 7.02.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture and the terms of such Security.

"Regular Record Date" for the Stated Maturity of any installment of interest on the Securities of any series or for the Installment Payment Date of any installment of principal of the Securities and any series for which principal is payable from time to time without presentation or surrender means the 1st day (whether or not a Business Day) of the month in which such Stated Maturity or Installment Payment Date, as the case may be, occurs, or any other date specified for such purpose in the Series Supplemental Indenture setting forth the terms of the Securities of such series.

"Responsible Officer" shall mean when used with respect to the Trustee, any officer within the Corporate Trust Office of the Trustee including any Vice President, Assistant Vice President, Secretary, Assistant Secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Security" or "Securities" shall have the meaning set forth in the recitals hereto.

"Security Register" has the meaning specified in Section 2.08.

"Security Registrar" means any Person acting as Security Registrar hereunder pursuant to Section 9.14.

"SERI" shall mean System Energy Resources, Inc., an Arkansas corporation, and its permitted successors and assigns.

"SERI Request" means a written request or order, signed in the name of SERI by its President or one of its Vice Presidents or Assistant Vice Presidents and by its Treasurer or Secretary or one of its Assistant Treasurers or Assistant Secretaries or any authorized agent of SERI, and delivered to the Trustee.

"Series Supplemental Indenture" means an indenture supplemental to this Indenture, for the purpose of, among other things, specifying, in accordance with Article Two hereof, the form of the Securities of any series and/or for the purpose of, among other things, subjecting to the Lien of this Indenture the Pledged Lessor Notes related to such series; "Series Supplemental Indentures" means each and every Series Supplemental Indenture.

"Sinking Fund" has the meaning specified in Section 7.02.

"Sinking Fund Redemption Date" shall have the meaning specified in Section 7.02.

"Sinking Fund Requirements" shall have the meaning specified in Section 7.02.

"Special Record Date" for the payment of any defaulted interest or any defaulted Installment Payment Amount means a date fixed by the Trustee pursuant to Section 2.10.

"Stated Maturity", when used with respect to the principal of any Security or any installment of interest thereon, means the date specified in such Security as the fixed date on which such principal or such installment of interest is due and payable; provided, however, that, with respect to any Security the principal of which is payable in installments without presentment or surrender, Stated Maturity shall mean the date specified in such Security as the fixed date on which the final payment of principal of such Security is due and payable.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 11.06.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

Section 1.02. Compliance Certificates and Opinions.

Upon any application or request by the Company, any Lessor or SERI to the Trustee to take any action under any provision of this Indenture, the Company, such Lessor or SERI, as the case may be, shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than certificates provided pursuant to Section 10.02 herein) shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.03. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company, of any Lessor or of SERI may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, of any Lessor or of SERI, as the case may be, stating that the information with respect to such factual matters is in the possession of the Company, such Lessor or SERI, as the case may be, unless such counsel knows that the certificate or opinion or representations with respect to such matters are erroneous.

Any Opinion of Counsel stated to be based on the opinion of other counsel shall be accompanied by a copy of such other opinion.

Where any Person is required to make, give or execute two or

more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04. Acts of Holders.

(a) 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 or, alternatively, may be embodied in an evidenced by the record of Holders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders duly called and held in accordance with the provisions of Article Thirteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record, or both, are delivered to the Trustee and, where it is hereby expressly required, to the Company and to SERI. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. 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 (subject to Section 9.01) conclusive in favor of the Trustee, the Company and SERI, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 13.06.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. If such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The principal amount and serial numbers of Securities held by any Person, and the date or dates of holding the same,

shall be proved by the Security Register and the Trustee shall not be affected by notice to the contrary.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind the Holder of every Security issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such action is made upon such Security.

(e) Until such time as written instruments shall have been delivered with respect to the requisite percentage of principal amount of Securities for the action contemplated by such instruments, any such instrument executed and delivered by or on behalf of the Holder of any Security may be revoked with respect to any or all of such Securities by written notice by such Holder or any subsequent Holder, proven in the manner in which such instrument was proven.

(f) Securities of any series authenticated and delivered after any Act of Holders may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any action taken by such Act of Holders. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to such action may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

Section 1.05. Notices, etc., to Trustee, Company and SERI.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(a) the Trustee by any Holder, by the Company, by SERI or by an Authorized Agent shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, or

(b) the Company by the Trustee, by any Holder, by SERI or by an Authorized Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee and SERI by the Company for such purpose, or

(c) SERI by the Trustee, by any Holder, by the Company or

by an Authorized Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to SERI addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee and the Company by SERI for such purpose.

Section 1.06. Notices to Holders; Waiver.

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders, then such notification as shall be made by overnight courier at the expense of the Company shall constitute a sufficient notification for every purpose hereunder.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders, and any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given.

Section 1.07. Conflict with Trust Indenture Act.

If any provision of this Indenture limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by, or is otherwise governed by, any provision of the Trust Indenture Act, such required or governed provision shall control; and if any provision hereof otherwise conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

Section 1.08. Effect of Heading and Table of Contents.

The Article and Section headings in this Indenture and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.09. Successors and Assigns.

All covenants, agreements, representations and warranties in this Indenture by the Company, SERI and the Trustee, shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not.

Section 1.10. Separability Clause.

In case 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 1.11. Benefits of Indenture.

Nothing in this Indenture or in the Securities, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, or the Holders of Securities as expressly provided herein, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12. Governing Law.

This Indenture and each Security are being and will be executed and delivered in the State of New York, shall be deemed to be contracts made in such State and for all purposes shall be construed in accordance with and governed by the laws of the State of New York, except to the extent that laws of other jurisdictions are mandatorily applicable.

Section 1.13. Legal Holidays.

In any case where any Redemption Date, Installment Payment Date or the Stated Maturity of principal of or any installment of interest on any Security, or any date on which any defaulted interest or principal is proposed to be paid, shall not be a Business Day, then (notwithstanding any other provision of this Indenture or such Security) payment of interest and/or principal and premium, if any, shall be due and payable on the next succeeding Business Day with the same force and effect as if made on or at such nominal Redemption Date, Stated Maturity, Installment Payment Date or date on which the defaulted interest or principal is proposed to be paid, and no interest shall accrue on the amount so payable for the period from and

after such Redemption Date, Stated Maturity, Installment Payment Date or date for the payment of defaulted interest or principal, as the case may be.

ARTICLE TWO

The Securities

Section 2.01. Form of Security to Be Established by Series Supplemental Indenture.

The Securities of each series shall be substantially in the form (not inconsistent with this Indenture, including Section 2.05 hereof) established in the Series Supplemental Indenture relating to the Securities of such series.

Section 2.02. Form of Trustee's Authentication.

The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within mentioned Indenture.

_____
as Trustee

By_____
Authorized Officer

Dated

Section 2.03. Amount Unlimited; Issuable in Series; Limitations on Issuance.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in one or more Series Supplemental Indentures, prior to the issuance of Securities of any series:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities) and the form or forms of Securities of such series;

(2) any limit upon the aggregate principal amount of the Securities of such series that may be authenticated and delivered under this Indenture (except for Securities authenti cated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of such series

pursuant to Section 2.07, 2.08, 2.09, 6.06 or 11.07 and except for Securities which pursuant to Section 2.04 hereof, are deemed never to have been authenticated and delivered hereunder);

(3) the date on which the principal of the Securities of such series is payable: and the date or dates on or as of which the Securities of such series shall be dated, if other than as provided in Section 2.13;

(4) the rate at which the Securities of such series shall bear interest, or the method by which such rate shall be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the Regular Record Date for the determination of Holders to whom interest is payable; and the basis of computation of interest, if other than as provided in Section 2.13;

(5) if other than as provided in Section 5.02, the place or places where (1) the principal of and premium, if any, and interest on Securities of such series shall be payable, (2) Securities of such series may be surrendered for registration of transfer or exchange and (3) notices and demands to or upon the Company in respect of the Securities of such series and this Indenture may be served; and, if such is the case, the circumstances under which the principal of such Securities shall be payable without presentment or surrender;

(6) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of such series may be redeemed, in whole or in part, at the option of the Company;

(7) the obligation, if any, of the Company to redeem, purchase or repay Securities of such series pursuant to any sinking fund, installment payment or analogous provisions or at the option of a Holder thereof and the price or prices at which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any multiple thereof, the denominations in which Securities of such series shall be issuable;

(9) any other terms of Securities of such series (which terms shall not be inconsistent with the provisions of this Indenture); and

(10) any trustees, authenticating or paying agents, warrant agents, transfer agents or registrars with respect to the Securities of such series.

Concurrently with the initial authentication and delivery of the Securities of each series, the Company shall cause to be delivered to the Trustee Lessor Notes (a) issued as separate series under one or more Lease Indentures, (b) payable as to principal on such dates and in such amounts that on the Stated Maturity of principal and each Sinking Fund Redemption Date or Installment Payment Date of such Securities there shall be payable on the Lessor Notes an amount in respect of principal equal to the principal amount of such Securities then to mature or to be payable in installments of principal or be redeemed, (c) bearing interest at the same rate and payable at the same times, as the corresponding Securities of such series, (d) containing provisions for redemption, including redemption premiums, correlative to the provisions for redemption (other than pursuant to a Sinking Fund) of the Securities of such series and (e) registered in the name of the Trustee.

Section 2.04. Authentication and Delivery of Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee shall thereupon authenticate and deliver such Securities in accordance with such Company Order, without any further action (other than as set forth in Section 2.04(b)) by the Company. Subject to Section 9.14(b) hereof, no Security shall be secured by or 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, in the form provided for herein, executed manually by the Trustee by one of its Responsible Officers, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. In authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee (and, if applicable, the Authenticating Agent) shall be entitled to receive, and (subject to Section 9.01) shall be fully protected in relying upon:

(a) an executed Series Supplemental Indenture;

(b) an Officers' Certificate of the Company (i) certifying as to resolutions of the Board of Directors of the Company authorizing the execution and delivery by the Company of such Series Supplemental Indenture and the issuance of such Securities, (ii) certifying that all conditions precedent under this Indenture to the Trustee's (or, if applicable, the

Authenticating Agent's) authentication and delivery of such Securities have been complied with and (iii) certifying that the terms of the documents referred to in clauses (c) and (d) below are not inconsistent with the terms of this Indenture as then and theretofore supplemented;

(c) fully executed counterparts (but not the originals thereof) of (i) the Lease Indentures under which were issued the Pledged Lessor Notes relating to the Securities of such series and (ii) the Leases relating to such Pledged Lessor Notes;

(d) the originals of the Pledged Lessor Notes relating to the Securities of such series in an aggregate principal amount not less than the aggregate principal amount of such series of Securities proposed to be authenticated and delivered;

(e) signed copies, either addressed to the Trustee or accompanied by statements that the Trustee may rely on such documents, of all certificates and opinions of counsel delivered (i) to the Company in connection with its purchase of the Pledged Lessor Notes relating to the Securities of such series, (ii) to the Owner Trustee and/or the Lease Indenture Trustee in connection with the issuance of such Pledged Lessor Notes, and, to the extent not covered by such opinions. Opinions of Counsel to the Company or SERI (x) to the effect that (1) the form or forms and the terms of such Securities have been established by a Series Supplemental Indenture as permitted by Sections 2.01 and 2.03 in conformity with the provisions of this Indenture, (2) such Securities, when authenticated and delivered by the Trustee (or, if applicable, the Authenticating Agent) and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and binding obligations of the Company, except to the extent that the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect relating to creditors' rights generally and (3) all requirements of the laws of the States of New York, Arkansas and Mississippi and of the General Corporation Law of the State of Delaware and of this Indenture, in respect of the execution and delivery by the Company of the Securities, have been complied with and (y) concerning such other matters as the Trustee may reasonably request;

(f) duly executed Extension Letters relating to the Pledged Lessor Notes; and

(g) in circumstances where the Pledged Lessor Notes relating to such series of Securities are executed and delivered for the purposes described in clause (ii) of

paragraph (1) of Section 3.5 of any Lease Indenture, (i) a certificate of an independent public accountant acceptable to the Trustee (who shall not be an employee of the Company, or SERI or any Affiliate of either thereof) to the effect that the principal amount of Securities to be authenticated does not exceed the Undivided Interest Percentage (as defined in such Lease Indenture) of total cost (including allowance for funds used during construction, or any analogous amount, to the extent permitted by generally accepted accounting principles) of any related Capital Improvement (as defined in such Lease Indenture) financed with the proceeds of such Pledged Lessor Notes and (ii) a certificate of an independent engineer, appraiser or other expert acceptable to the Trustee (who may be an officer or employee of SERI except as would be required by Section 314(d)(3) of the Trust Indenture Act) to the effect that the Undivided Interest Percentage of the fair value of any such Capital Improvement as of its respective date of incorporation or installation was not less than the Undivided Interest Percentage of the total cost) including allowance for funds used during construction, or any analogous amount, to the extent permitted by generally accepted accounting principles) of such Capital Improvement as of the date financed with the proceeds of such Pledged Lessor Notes.

Receipt by the Trustee of the Officers' Certificate referred to in clause (b) above shall be conclusively presumed for all purposes of this Indenture to establish that the documents referred to in such Officers' Certificate comply with the requirements of this Indenture.

Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 2.12 together with a written statement (which need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits hereof.

Section 2.05. Form and Denominations.

The Securities of each series shall be in registered form and may have such letters, numbers or other marks of identification and such legends or endorsements thereon as may be required to comply with the rules of any securities exchange or to conform to any usage in respect thereof, or as may, consistently herewith, be prescribed by the Board of Directors of the Company or by the officers executing such Securities, as evidenced by their execution thereof.

The definitive Securities shall be printed, lithographed or

engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution thereof.

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided herein or in the Series Supplemental Indenture setting forth the terms of the Securities of such series.

In the absence of any provision contained in any Series Supplemental Indenture, the Securities are issuable only in denominations of $1,000 and/or any integral multiple thereof.

Section 2.06. Execution of Securities.

The Securities shall be executed on behalf of the Company by its President or one of its Vice Presidents, under its corporate seal affixed thereto or reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any or all such officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time relevant to the authorization thereof 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.

Section 2.07. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities of such series which are printed, lithographed, typewritten, photocopied or otherwise produced many authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued (with or without the recital of specific redemption or sinking fund provisions) and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution thereof.

If temporary Securities of any series are issued, the Company will cause definitive Securities of such series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company maintained for such purpose at the Place of Payment for such series, without charge to the Holder. Upon

surrender for cancellation of any one or more temporary Securities of any series the Company shall execute, and the Trustee shall authenticate and deliver in exchange therefor, definitive Securities of such series of authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and of like tenor.

Section 2.08. Registration, Transfer and Exchange.

The Company shall cause to be kept at the office of the Security Registrar a register in which, subject to such reasonable regulations as the Company may prescribe, the Company shall provide for the registration of Securities and of registration of transfers and exchanges of Securities and, with respect to Securities of any series the principal of which is payable without presentation or surrender, the amount of the unpaid principal amount of such Securities. This register and, if there shall be more than one Security Registrar, the combined registers maintained by all such Security Registrars, are herein sometimes referred to as the "Security Register".

Upon surrender for registration of transfer of any Security of any series at any office or agency maintained for such purpose pursuant to Section 5.02, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at any office or agency maintained for such purpose pursuant to Section 5.02. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or exchange shall (if so required by the Company or the Security Registrar or any transfer agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory

to the Company and Security Registrar or any transfer agent, duly executed, by the Holder thereof or his attorney duly authorized in writing.

Except as may be otherwise provided in the Series Supplemental Indenture relating to the Securities of any series, no service charge shall be made for any transfer or exchange of Securities, but the Security Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Securities other than exchanges pursuant to Sections 2.07, 6.06 or 11.07 not involving any transfer.

Neither the Company, the Trustee nor the Security Registrar shall be required (i) to execute and deliver, issue, register the transfer of or exchange any Security of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of such series selected for redemption under Section 6.02 or 7.02 and ending at the close of business on the day of such mailing or (ii) to issue, register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security selected for redemption in part.

Section 2.09. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series, and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

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

Notwithstanding the foregoing, in case any such mutilated, destroyed, lost or stolen security is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax

or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

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

The provisions of this Section 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 2.10. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, at any Stated Maturity of an installment of interest shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest. At the option of the Company, payment of interest on any Security may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or in such other manner as shall be established in a Series Supplemental Indenture creating the series of which such Security is a part.

Any Installment Payment Amount or any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, at any Installment Payment Date or any Stated Maturity of an installment of interest, as the case may be, shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder to the extent that the Company has elected to pay such defaulted interest or principal as provided in clause (a) or (b) below:

(a) The Company may elect, which election shall be at the direction of any Owner Trustee whose Pledged Lessor Note is in default in respect of the payment of interest or principal and which is proposing to make payment of all or part of such defaulted interest or principal, to make payment of any defaulted interest or principal to the Persons in whose names the Securities of such series in respect of which interest is in default (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such defaulted interest or principal, which shall be fixed in the following manner. Such Owner Trustee shall notify the Trustee and, if other than the Trustee, the Paying Agent, in writing of the amount of defaulted interest or

principal proposed to be paid on each such Security and the date of the proposed payment, and at the same time there shall be deposited with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such defaulted interest or principal, as the case may be, or there shall be made arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such defaulted interest or principal as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such defaulted interest or principal which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company, SERI and the Security Registrar of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such defaulted interest or principal and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of such series at the address of such Holder as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such defaulted interest or principal and the Special Record Date therefor having been mailed as aforesaid, such defaulted interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Company may make, or cause to be made, payment of any defaulted Installment Payment Amount or any defaulted interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities in respect of which such principal or interest is in default may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security, and each such Security shall bear interest from whatever date shall be necessary so that neither gain nor loss in interest shall result from such registration of transfer, exchange or replacement.

Section 2.11. Persons Deemed Owners.

The Person in whose name any Security is registered shall be deemed to be the owner of such Security for the purpose of receiving payment of principal of and premium, if any, and (subject to Section 2.10) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, regardless of any notice to anyone to the contrary.

Section 2.12. Cancellation.

All Securities surrendered for payment, redemption, credit against any Sinking Fund payment or registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee for cancellation. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, or which the Company shall not have issued, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All Securities cancelled by the Trustee shall be disposed of in accordance with the customary practice of the Trustee, and the Trustee shall promptly deliver a certificate of disposition to the Company, unless, by a timely Company Order, the Company shall direct that canceled Securities be disposed of otherwise. The Trustee shall promptly deliver written evidence of any cancellation of a Security in accordance with this Section 2.12 to the Company.

Section 2.13. Dating of Securities; Computation of Interest.

(a) Except as otherwise provided in the Series Supplemental Indenture creating a series of Securities, each Security of any series shall be dated the date of its authentication.

(b) Except as otherwise provided in the Series Supplemental Indenture creating a series of Securities, interest on the Securities of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.14. Source of Payments; Rights and Liabilities of Lessors, Owner Participants and Lease Indenture Trustees.

Except as otherwise specifically provided in this Indenture, all payments of principal and premium, if any, and interest to be made in respect of the Securities or under this Indenture shall be made only from Pledged Property or the income and proceeds received by the Trustee therefrom. Each Holder, by its acceptance of a Security shall be deemed to have agreed that (a) it will look solely to the Pledged Property or the income and proceeds received by the Trustee therefrom to the extent available for distribution to such

Holder as herein provided and (b) none of any Owner Participant, any Owner Trustee, any Lease Indenture Trustee or the Trustee is liable to any Holder or, in the case of any Owner Participant, Owner Trustee or Lease Indenture Trustee, to the Trustee for any amounts payable under any Security or, except as provided herein with respect to the Trustee, for any liability under this Indenture. No Owner Participant, Owner Trustee or Lease Indenture Trustee shall have any duty or responsibility under this Indenture or the Securities to any Holder or to the Trustee.

Section 2.15. Application of Proceeds from the Sale of Securities.

The Company shall pay, or cause to be paid, the proceeds of the issuance and sale of the Securities of each series to each Lease Indenture Trustee under a Lease Indenture under which Pledged Lessor Notes shall have been issued and delivered to the Trustee in connection with the issuance of such Securities, for the account of the related Owner Trustee which issued such Pledged Lessor Notes, each such Lease Indenture Trustee to receive an amount equal to the aggregate principal amount of such Pledged Lessor Notes.

Section 2.16. Principal Amount of Securities Payable Without Presentment or Surrender

All references in this Indenture to the principal amount of any Security shall, when used with respect to Securities of any series the principal of which is payable without presentation or surrender shall mean the unpaid principal amount thereof, except that, for purposes of Sections 2.07, 2.08,2.09 and 6.06 of this Indenture, principal amount shall, when used with respect to any such Security, refer to the original principal amount thereof prior to the payment of any Installment Payment Amounts. Notwithstanding anything herein or in any Security to the contrary, with respect to each Security of any series the principal of which is payable without presentation or surrender, the unpaid principal amount thereof recorded on the Security Register shall be controlling as to the remaining unpaid principal amount thereof.

ARTICLE THREE

Provisions as to Pledged Property

Section 3.01. Holding of Pledged Securities.

The Trustee is authorized in its discretion to cause to be registered (as to principal) in its name, as Trustee, or in the name of its nominee, any and all coupon bonds which it may receive as part of the Pledged Property, or it may cause the same to be exchanged for registered bonds without coupons of any denomination. The Trustee is authorized in its discretion to cause to be registered in its name,

as Trustee, or in the name of its nominee, any, and all registered bonds which it may receive as part of the Pledged Property, or may cause such registered bonds to be exchanged for coupon bonds. The Company will deliver promptly to the Trustee such documents, certificates and opinions as the Trustee may reasonably request in connection with subjection of any securities to the lien of this Indenture to the extent contemplated hereby.

Section 3.02. Disposition of Payments on Pledged Property

Unless and until all Outstanding Securities have been paid in full or provision for the payment of such Securities has been made in accordance with this Indenture, the Trustee shall be entitled to receive all principal, premium, if any, and interest paid in respect of any Pledged Lessor Notes and interest paid on bonds or other obligations or indebtedness which may be subject to the lien of this Indenture and shall apply the same to the payment of the principal of and premium, if any, and interest on the Securities when and as they become due and payable pursuant to, and in accordance with, this Indenture. The Trustee shall duly note on the schedules attached to the Pledged Lessor Notes or by other appropriate means all payments of principal, premium, if any, and interest made on the Pledged Lessor Notes.

Section 3.03. Exercise of Rights and Powers Under Pledged Lessor Notes and Lease Indentures.

The Trustee shall not take any action as the holder of the Pledged Lessor Notes to direct any Lease Indenture Trustee in any respect or to vote any Pledged Lessor Note or any portion thereof except as specified in this Section. The Trustee shall give notice to the Holders of the occurrence of any event of default or default under any Lease Indenture, and of every Event of Loss or Deemed Loss Event occurring under a Lease (as such terms are therein defined), but only to the extent the same shall actually be known by a Responsible Officer. The Trustee may, at any time, and shall, upon the written request of any Lease Indenture Trustee made to the Trustee to give any direction or to vote its interest in the Pledged Lessor Notes, request from Holders directions as to (a) whether or not to direct such Lease Indenture Trustee to take or refrain from taking any action which holders of Pledged Lessor Notes have the option to direct and (b) how to vote any Pledged Lessor Note if a vote has been called for with respect thereon. In addition, any Holder may at any time request the Trustee to direct, or to participate in the direction of, any action under any Lease Indenture to the extent that the Trustee may do so under such Lease Indenture. Upon receiving from Holders any written directions as to the taking or the refraining from taking, of any action, or the voting of any Pledged Lessor Note, the Trustee shall specify to the related Lease Indenture Trustee the principal amount of the Pledged Lessor Note which is in favor of the action or vote, the principal amount of the

Pledged Lessor Note which is opposed to the action or vote, and the principal amount of the Pledged Lessor Note which is not taking any position for the action or vote. Such principal amounts shall be determined by allocating to the total principal amount of the Pledged Lessor Notes with respect to which direction is to be given the proportionate principal amount of Securities taking corresponding positions or not taking any position, based on the aggregate principal amount of Outstanding Securities. In addition, the Trustee shall certify to the Lease Indenture Trustee that the principal amounts of Securities taking such corresponding positions or not taking any position were determined in accordance with the provisions of this Indenture.

Section 3.04. Certain Actions in Case of Judicial Proceedings.

In case all or any part of the property of any Lessor or any other Person which may be deemed an obligor in respect of the Pledged Lessor Notes shall be sold at any judicial or other involuntary sale, the Trustee shall receive any portion of the proceeds of such sale payable in respect of the Pledged Property, and such proceeds shall be held as provided in Section 3.05.

Section 3.05. Cash Held by Trustee Treated as a Deposit.

Any and all cash held by the Trustee under any provision of this Indenture shall be treated by the Trustee, until required to be paid out hereunder, as a deposit, in trust, without any liability for interest.

Section 3.06. Substituted Lessee.

No Person shall be substituted as lessee under a Lease pursuant to Section 6.8(c) of a Lease Indenture unless (i) the same Person is substituted as lessee under each Lease pursuant to that Section 6.8(c), and (ii) such Person assumes all of SERI's obligations hereunder. If any Person is substituted as lessee in accordance with the preceding sentence, SERI shall be deemed to be released and discharged from any further obligation hereunder upon the assumption by such Person of SERI's obligations hereunder.

ARTICLE FOUR

Withdrawal of Collateral

Section 4.01. Withdrawal of Collateral.

Except as provided in Section 4.02, none of the Pledged Property shall be subject to withdrawal unless and until all Outstanding Securities have been paid in full or provision for such payment has been made in accordance with the terms of this Indenture

and the Trustee shall have received the documents and opinions required by Section 4.02 or Article Twelve.

Section 4.02. Reassignment of Pledged Lessor Notes upon Payment.

Upon receipt of payment in full of the principal of and premium, if any, and interest on any Pledged Lessor Note held by the Trustee, the Trustee shall deliver to the Company said Pledged Lessor Note and any instrument of transfer or assignment necessary to reassign to the Company said Pledged Lessor Note and the interest of the Company, if any, in the Lease Indenture relating thereto; provided, however, that nothing herein contained shall prevent the Trustee from presenting any Pledged Lessor Note to the related Lease Indenture Trustee for final payment in accordance with the applicable provisions of the related Lease Indenture.

ARTICLE FIVE

Covenants

Section 5.01. Payment of Principal, Premium, if any, and Interest.

The Company shall duly and punctually pay, or cause to be paid, the principal of and premium, if any, and interest on the Securities in accordance with the terms of the Securities and this Indenture, subject, however, to Section 2.14 hereof.

Section 5.02. Maintenance of Office or Agency.

The Company will maintain in the Borough of Manhattan, The City of New York, and in such other Places of Payment as shall be specified for the Securities of any series, an office or agency where Securities may be presented or surrendered for payment of principal, premium, if any, and interest, where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of Securities and this Indenture may be served. The Corporate Trust Office is hereby initially designated as one such office or agency. The Company will give prompt written notice to the Trustee of the location, and of any change in the location, of each such office or agency and prompt notice to the Holders in the manner specified in Section 1.06. If at any time the Company shall fail to maintain any such office or agency, or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served by the Corporate Trust Office, and the Company hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series

may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes in each Place of Payment for such Securities in accordance with the requirements set forth above. The Company shall give prompt written notice to the Trustee, and prompt notice to the Holders in the manner specified in Section 1.06, of any such designation or rescission and of any change in the location of any such other office or agency.

Section 5.03. Money for Security Payments to be Held in Trust.

All moneys deposited with the Trustee or with any Paying Agent for the purpose of paying the principal of or premium (if any) or interest on Securities shall be deposited and held in trust for the benefit of the Holders of the Securities entitled to such principal, premium (if any) or interest, subject to the provisions of this Indenture. Moneys so deposited and held in trust shall not be a part of the Pledged Property but shall constitute a separate trust fund for the benefit of the Holders of the relevant Securities.

The Company may at any time direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent, and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of or premium, if any, or interest on any Security and remaining unclaimed for three years (or such lesser period as may be required by law to give effect to this provision) after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request (to the extent such monies shall have been deposited by the Company) or to any other Person on its written request (to the extent such monies shall have been deposited by such other Person), and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company or such other Person, as the case may be, for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, shall, at the expense of the Company or, to the extent such monies are to be paid to another Person, such other Person, cause to be published once, in an Authorized Newspaper in The City of New York and each other city, if any, in which a Place of Payment is located, notice that such money remains unclaimed and that, after a date specified herein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the

Company or such other Person. As used herein, "Authorized Newspaper" means a newspaper, in an official language of the country of publication or in the English language, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in The City of New York and each other city, if any, in which a Place of Payment is located. In case by reason of the suspension of publication of any Authorized Newspapers or by reason of any other cause it shall be impracticable to publish any notice as herein provided, then such notification as shall be given with the approval of the Trustee shall constitute sufficient notice.

Section 5.04. Maintenance of Corporate Existence.

The Company, at its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in this Indenture, provided, however, that the Company shall not be required to preserve any right or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof will not have any material adverse effect on the Holders of the Securities.

Section 5.05. Protection of Pledged Property

The Company and SERI will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments as shall be necessary to

(i) make more effective the pledge and assignment hereunder of all or any portion of the Pledged Property,

(ii) maintain or preserve the lien of this Indenture or carry out more effectively the purposes hereof,

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture,

(iv) enforce any of the Securities, or

(v) preserve and defend title to any Securities or other instrument included in the Pledged Property and the rights of the Trustee, and of the Holders, in such Securities or other instrument against the claims of all persons and parties.

Each of the Company and SERI hereby designates the Trustee its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section.

Section 5.06. Opinions as to Pledged Property

Promptly after the execution and delivery of this Indenture and of each Series Supplemental Indenture or other supplemental indenture or other instrument of further assurance, the Company shall furnish to the Trustee such Opinion or Opinions of Counsel as the Trustee may reasonably request stating that, in the opinion of such Counsel, this Indenture and all such Series Supplemental Indentures, other supplemental indentures and other instruments of further assurance have been properly recorded, filed, re-recorded and re-filed to the extent necessary to make effective the lien intended to be created by this Indenture, and reciting the details of such action or referring to prior Opinions of Counsel in which such details are given, and stating that all financing statements and continuation statements have been executed and filed that are then necessary fully to preserve and protect the rights of the Holders and the Trustee, or stating that, in the opinion of such Counsel, no such action is necessary to make such lien effective.

On or before May 1, in each calendar year, beginning with the first calendar year commencing more than three months after the date of authentication and delivery of any Securities, the Company shall furnish to the Trustee such Opinion or Opinions of Counsel as are reasonably satisfactory to the Trustee, either stating that, in the opinion of such Counsel, such action has been taken with respect to the recording, filing, re-recording and re-filing of this Indenture, any Series Supplemental Indenture and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as is then necessary to maintain the lien and security interest created by this Indenture with respect to the Pledged Property and reciting the details of such action or stating that, in the opinion of such Counsel, no such action is then necessary to maintain such lien and security interest. Such Opinion or Opinions of Counsel shall also describe the recording, filing, re-recording and re-filing of this Indenture, any Series Supplemental Indenture and any other requisite documents and the execution and filing of and financing statements and continuation statements that will, in the opinion of such Counsel, be required to maintain the lien of this Indenture with respect to the Pledged Property until in the following calendar year.

Section 5.07. Performance of Obligations.

Neither the Company nor SERI will take or omit to take any action the taking or omission of which would release any Person from any of such Person's covenants or obligations under instruments included in the Pledged Property, or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument, except as expressly provided in this Indenture or such instrument.

Section 5.08. Negative Covenants.

During such time as any Security issued hereunder is Outstanding, the Company will not:

(a) sell, transfer, exchange or otherwise dispose of any portion of the Pledged Property except as expressly permitted by this Indenture;

(b) (i) engage in any business or activity (A) other than in connection with, or relating to, the issuance of Securities pursuant to this Indenture and application of the proceeds thereof as herein provided or (B) which would cause the Company to be an "investment company" within the meaning of the Investment Company Act of 1940, as amended or (ii) amend Article Third, Fourth or Sixth of its Certificate of Incorporation as in effect on the date of execution and delivery of this Indenture; notwithstanding the foregoing, however, the Company may, with respect to the Securities of one or more series enter into credit or liquidity support facilities (including, but without limitation, bank letters of credit, bank lines of credit, surety bonds and bonds of insurance);

(c) issue bonds, notes or other evidences of indebtedness other than (A) Securities issued hereunder or (B) evidences of indebtedness permitted by clause (b) above;

(d) assume or guarantee any indebtedness of any Person;

(e) dissolve or liquidate in whole or in part;

(f) take any action which would (i) permit the validity or effectiveness of this Indenture or the pledge and assignment of any of the Pledged Property to be impaired, or permit the lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenant or obligation under this Indenture, (ii) permit any lien, charge, security, mortgage or other encumbrance (other than the lien of this Indenture) to be created on or extend to or otherwise arise upon or burden the Pledged Property or any part thereof or any interest therein or the proceeds thereof or (iii) permit the lien of this Indenture not to constitute a valid first priority security interest in the Pledged Property; or

(g) institute any proceedings to be adjudicated a bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file a petition or answer or consent seeking reorganization or relief under the Federal

Bankruptcy Code or any other applicable federal or state law or law of the District of Columbia, or consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate action in furtherance of the foregoing.

Section 5.09. Annual Statement as to Compliance.

(a) Each of SERI and the Company shall deliver to the Trustee, on or before 120 days after the end of each of its fiscal years, a written statement (which need not comply with Section 1.02) signed by its President or one of its Vice Presidents and by its Treasurer or one of its Assistant Treasurers or its Comptroller or one of its Assistant Comptroller, stating, as to each signer thereof, that

(i) a review of the activities of SERI or the Company, as the case may be, required during such year of SERI or the Company, as the case may be, under this Indenture has been made under their supervision; and

(ii) to the best of their knowledge, based on such review, SERI or the Company, as the case may be, has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof.

(b) Each of SERI and the Company shall deliver to the Trustee, promptly after having obtained knowledge thereof, written notice of any Event of Default under Section 8.01 or event which with the giving of notice or lapse of time, or both, would become an Event of Default.

Section 5.10. Delivery of Certificate of Independent Public Accountant.

SERI shall cause to be delivered to the Trustee any certificate of an independent certified public accountant (who shall not be an employee of the Company, SERI or any Affiliate of either of them) delivered to any Lease Indenture Trustee pursuant to Section 2.4(c) of any Lease Indenture.

Section 5.11. Delivery of Certificate of Engineer, Appraiser or Other Expert.

In connection with any release from the security and other

interest created by Section 2.1 of any Lease Indenture of a portion of the Lease Indenture Estate (as defined in such Lease Indenture) pursuant to Section 2.3 of such Lease Indenture, at its own expense SERI shall cause to be delivered to the Trustee a certificate of an engineer, appraiser or other expert as to the fair value of any portion of the Lease Indenture Estate to be released from the lien of such Lease Indenture and such certificate shall state that in the opinion of the Person making the same the proposed release will not impair the security under such Lease Indenture in contravention of the provisions thereof. If the fair value of the portion of the Lease Indenture Estate to be released and all other portions of the Lease Indenture Estate released since the commencement of the then current calendar year, as set forth in the certificate required pursuant to this Section 5.11, is 10%, or more of the aggregate principal amount of Securities at the time Outstanding, such certificate shall be made by an independent engineer, appraiser or other expert; provided, however, that a certificate of an independent engineer, appraiser or other expert shall not be required in the case of any release of portions of the Lease Indenture Estate if the fair value thereof as set forth in the certificate or opinion required by this Section 5.11 is less than $25,000 or less than 1% of the aggregate principal amount of Securities at the time Outstanding.

ARTICLE SIX

Redemption of Securities

Section 6.01. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity of principal shall be redeemable in accordance with their terms and (except as otherwise specified in the Series Supplemental Indenture creating such series) in accordance with this Article.

Section 6.02. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities otherwise than through a Sinking Fund shall be evidenced by a Company Order. The Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), deliver to the Trustee a Company Order specifying such Redemption Date and the series and principal amount of Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities of elsewhere in this Indenture or (b) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction or condition. The election by SERI to terminate a Lease pursuant to Section 13(f) or

(g) or Section 14 thereof, or Section 10(b)(3)(ix) of the related Participation Agreement, shall constitute an election by the Company to redeem Securities (but shall not relieve the Company of its obligation hereunder to deliver to the Trustee the Company Order herein provided for) subject, however, except in the case of a termination pursuant to Section 14 of such Lease, to the right of SERI to assume the Lessor Notes related to such Lease on the Lease termination date, in which event there shall be no redemption of Securities solely as a consequence of such termination.

Section 6.03. Selection by Trustee of Securities to be Redeemed

(a) If any Lease is to be terminated pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the related Participation Agreement, and all Lessor Notes issued under the related Lease Indenture are to be prepaid, the Company shall redeem Securities which (i) are of the series corresponding to the series of Pledged Lessor Notes to be so prepaid and (ii) have amounts of principal payable on Stated Maturities and Sinking Fund Redemption Dates or Installment Payment Dates which correspond to the amounts and dates for the payment of the principal of such Pledged Lessor Notes plus any accrued interest to the Redemption Date, such redemption of Securities to be made on the date on which such Lessor Notes are to be so prepaid.

(b) If less than all the Securities are to be redeemed otherwise than as contemplated in subsection (a) of this Section 6.03 and otherwise than through a Sinking Fund, the particular Securities to be redeemed shall be selected from the series and Stated Maturities, and in the principal amounts, designated to the Trustee in the Company Order required by Section 6.02.

(c) Subject to the provisions of subsections (a) and (b) of this Section 6.03, if less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 45 days prior to the Redemption Date by the Trustee, from the Outstanding Securities fo such series not previously called for redemption, by lot in such manner as shall provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of such series except as otherwise specified in the Series Supplemental Indenture creating such series; provided, however, that if the Company, SERI or an Affiliate or nominee of either thereof shall be the Holder of Securities of any series to be redeemed through a Sinking Fund, the Trustee, if so directed in a Company Order or SERI Order, as the case may be, shall first select such Securities for redemption. Any such Company Order or SERI Order shall state that such redemption is in accordance with Section 10(b)(3)(vi) of each Participation Agreement.

If more than one Lease is to be terminated pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the

related Participation Agreement, and the Lessor Notes relating to each such Lease are to be prepaid on the same date, the Trustee shall separately designate the Securities to be redeemed in respect of each such Lease termination.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected to be redeemed in part, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 6.04. Notice of Redemption

Notice of redemption (including Sinking Fund redemption) shall be given in the manner provided in Section 1.06 to the Holders of Securities to be redeemed not less than 20 nor more than 60 days prior to the Redemption Date.

All notices of redemption shall state:

(a) the Redemption Date,

(b) the Redemption Price,

(c) if less than all the Outstanding Securities of any series are to be redeemed, the identification of the particular Securities to be redeemed, including the series and Stated Maturity of principal, and the portion of the principal amount of any Security to be redeemed in part,

(d) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(e) the place or places where such Securities are to be surrendered for payment of the Redemption Price, and

(f) that the redemption is pursuant to the operation of a Sinking Fund, if such is the case.

With respect to any notice of redemption of Securities otherwise than through a Sinking Fund, unless, upon the giving of such notice, such Securities shall be deemed to have been paid in accordance with Section 12.01, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee, on

or prior to the date fixed for such redemption of money sufficient to pay the principal of and premium, if any, and interest on such Securities and that if such money shall not have been so received such notice shall be of no force or effect and the Company shall not be required to redeem such Securities. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given, in the manner in which the notice of redemption was given, that such money was not so received and such redemption was not required to be made.

Notice of redemption of Securities to be redeemed at the election of the Company, and any notice of non-satisfaction of a condition for redemption as aforesaid, shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

Section 6.05. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Securities or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless, in the case of an unconditional notice of redemption, the Company shall default in the payment of the Redemption Price and accrued interest) such Securities or portions thereof shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with such notice, such Security or portion thereof shall be paid at the Redemption Price, together with accrued interest to the Redemption Date; provided, however that any installment of interest on any Security the Stated Maturity of which installment is on or prior to the Redemption Date shall be payable to the Holder of such Security, or one or more Predecessor Securities, registered as such at the close of business on the related Regular Record Date according to the terms of such Security and subject to the provisions of Section 2.10.

Section 6.06. Securities Redeemed in Part

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefore (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination requested by such Holder and of like tenor and in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE SEVEN

Sinking Funds

Section 7.01. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of the Securities of any series except as otherwise specified in the Series Supplemental Indenture creating the Securities of such series.

Section 7.02. Sinking Funds for Securities.

Any Series Supplemental Indenture may provide for a sinking fund for the retirement of the Securities of the series created thereby (herein called a "Sinking Fund") in accordance with which the Company will be required to redeem on the dates set forth therein (hereinafter called "Sinking Fund Redemption Dates") Securities of principal amounts set forth therein (hereinafter called "Sinking Fund Requirements").

If there shall have been a redemption, otherwise than through a Sinking Fund, of less than all the Securities of a series to which a Sinking Fund is applicable (such redeemed Securities being hereinafter called the "Redeemed Securities"), the Sinking Fund Requirements relating to the Securities of such series for each Sinking Fund Redemption Date thereafter shall be deemed to have been satisfied to the extent of an amount equal to the quotient resulting from the division of (A) the product of (w) the principal amount of the Redeemed Securities and (x) such Sinking Fund Requirement by (B) the sum of (y) the aggregate principal amount of Securities of such series then Outstanding (after giving effect to such redemption) and (z) the principal amount of such Redeemed Securities; provided, however, that the remaining Sinking Fund Requirements determined as set forth in this paragraph shall be rounded to the nearest integral multiple of the minimum authorized denomination for Securities of such series, subject to necessary adjustment so that the aggregate principal amount of such Redeemed Securities, such adjustment to such Sinking Fund Requirements to be made in the inverse order of the respective Sinking Fund Redemption Dates corresponding thereto and; provided, further, that notwithstanding the provisions of the foregoing proviso, any such adjustment shall be made in a manner such that, after giving effect thereto, the provisions of clause (b) of the last paragraph of Section 2.03 hereof shall continue to be complied with.

Particular Securities to be redeemed through a Sinking Fund shall be selected in the manner provided in Section 6.03, and notice of such redemption shall be given in the manner provided in Section 6.04.

ARTICLE EIGHT

EVENTS OF DEFAULT; REMEDIES

Section 8.01. Events of Default.

"Events of Default", wherever used herein, means any one of the following events:

(a) failure to pay any interest on any Security when it becomes due and payable, and the continuation of such failure for a period of 10 days; or

(b) failure to pay principal of or premium, if any, on any Security when it becomes due and payable, whether at its Stated Maturity of principal, on any applicable Redemption Date or Installment Payment Date or at any other time, and the continuation of such failure for a period of 10 days; or

(c) failure on the part of either the Company or SERI to perform or observe any covenant or agreement herein to be performed or observed by it, and the continuation of such failure for a period of 30 days after notice thereof shall have been given to the Company or SERI, as the case may be, by the Trustee, or to the Company or SERI, as the case may be, and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities, specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; provided, however, that the continuation of such failure for a period of 30 days or more after such notice has been so given (but in no event for a period which is greater than one year after such notice has been given) shall not constitute an Event of Default if (i) such failure can be remedied but cannot be remedied within such 30 days, (ii) the Company or SERI, as the case may be, is diligent in pursuing a remedy of such failure and (iii) such failure does not impair in any respect the lien and security interest created hereby; or

(d) the occurrence of an "Event of Default" under any Lease Indenture; or

(e) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Federal Bankruptcy Act or any other applicable federal or state law or law of the District of

Columbia, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuation of any such decree or order unstayed and in effect for a period of 75 consecutive days; or

(f) the institution by the Company of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable federal or state law or law of the District of Columbia, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

Section 8.02. Acceleration of Maturity; Rescission and Annulment.

Upon the occurrence of an Event of Default, (a) if such Event of Default is one referred to in clause (a), (b), (c), (e) or (f) of Section 8.01, the Trustee may, and upon the direction of the Holders of not less than a majority in principal amount of the Securities Outstanding shall, and (b) if such Event of Default is the one referred to in clause (d) of Section 8.01 (including without limitation an event of default under any Lease which has resulted in an Event of Default referred to in clause (a) or (b) of Section 8.01) under circumstances in which the related Pledged Lessor Notes have been declared immediately due and payable, the Trustee shall declare the principal of all the Securities to be due and payable immediately, by a notice in writing to the Company and SERI, and upon any such declaration such principal shall become immediately due and payable; provided that no such declaration shall be made (and no action under Section 8.03 or 8.05 shall be taken) in cases in which the Event of Default is one referred to in clause (a) or (b) of Section 8.01 which resulted directly from a failure of SERI to make any payment of rent under any Lease until such time as the Lessor under such Lease has been given the opportunity to exercise its rights under Section 6.8 of the related Lease Indenture.

At any time after such a declaration of acceleration has been made and before any sale of the Pledged Property, or any part thereof, shall have been made pursuant to any power of

sale as hereinafter in this Article provided, the Holders of a majority in principal amount of the Securities Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) there shall have been paid to or deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Securities,

(B) the principal of and premium, if any, on any Securities which have become due otherwise than by such declaration of acceleration and interest thereon at the respective rates provided in the Securities for late payments of principal or premium,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the respective rates provided in the Securities for late payments of interest, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and

(2) all Events of Default, other than the non-payment of the principal of Securities which have become due solely by such acceleration, have been cured or waived as provided in Section 8.08.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

If a declaration of acceleration shall have been rescinded and annulled as provided in the next preceding paragraph, and if, prior to such rescission and annulment, the maturity of the Pledged Lessor Notes issued under any Lease Indenture had been accelerated as a result of an "Event of Default" thereunder, the Trustee, as the holder of such Pledged Lessor Notes, shall direct the Lease Indenture Trustee under such Lease Indenture to rescind and annul such acceleration of such Pledged Lessor Notes and to terminate any proceedings to enforce remedies under such Lease Indenture and the related Lease.

Section 8.03. Trustee's Power of Sale of Pledged Property; Notice Required; Power to Bring Suit.

If an Event of Default shall have occurred and be continuing, subject to the provisions of Sections 8.06 and 8.07 and the proviso to the first paragraph of Section 8.02, the Trustee, by such officer

or agent as it may appoint, may:

(1) sell, to the extent permitted by law, without recourse, for cash or credit or for other property, for immediate or future delivery, and for such price or prices and on such terms as the Trustee in its discretion may determine, the Pledged Property as an entirety, or in any such portions as the Holders of a majority in aggregate principal amount of the Securities then Outstanding shall request by an Act of Holders, or, in the absence of such request, as the Trustee in its discretion shall deem expedient in the interest of the Securityholders, at public or private sale; and/or

(2) proceed by one or more suits, actions or proceedings at law or in equity or otherwise or by any other appropriate remedy, to enforce payment of the Securities or Pledged Lessor Notes, or to foreclose this Indenture or to sell the Pledged Property under a judgment or decree of a court or courts of competent jurisdiction, or by the enforcement of any such other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or powers or any of the rights or powers of the Holders.

ln the event that the Trustee shall deem it advisable to sell any of or all the Pledged Property in accordance with the provisions of this Section, the Company and SERI agree that if registration of any such Pledged Property shall be required, in the opinion of counsel for the Trustee, under the Securities Act of 1933 or other applicable law, and regulations promulgated thereunder, and if SERI shall not effect, or cause to be effected, such registration promptly, the Trustee may sell any such Pledged Property at a private sale, and no Person shall attempt to maintain that the prices at which such Pledged Property is sold are inadequate by reason of the failure to sell at public sale, or hold the Trustee liable therefor.

Section 8.04. Incidents of Sale of Pledged Property.

Upon any sale of all or any part of the Pledged Property made either under the power of sale given under this Indenture or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, the following shall be applicable:

(1) Securities Due and Payable. The principal of and premium, if any, and accrued interest on the Securities, if not previously due, shall immediately become and be due and payable.

(2) Trustee Appointed Attorney of Company to Make Conveyances. The Trustee is hereby irrevocably appointed the

true and lawful attorney of the Company, in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment, transfer or conveyance of the property thus sold, and for that purpose the Trustee may execute all such documents and instruments and may substitute one or more persons with like power. The Company hereby ratifies and confirms all that its said attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof.

(3) Company to Confirm Sales and Conveyances. If so requested by the Trustee or by any purchaser, the Company shall ratify and confirm any such sale or transfer by executing and delivering to the Trustee or to such purchaser or purchasers all proper deeds, bills of sale, instruments of assignment, conveyance or transfer and releases as may be designated in any such request.

(4) Holders and Trustee May Purchase Pledged Property. Any Holder or the Trustee may bid for and purchase any of the Pledged Property and, upon compliance with the terms of sale, may hold, retain, possess and dispose of such Pledged Property in his or its own absolute right without further accountability.

(5) Purchaser at Sale May Apply Securities to Purchase Price. Any purchaser at any such sale may, in paying the purchase price, deliver any of the Securities then Outstanding in lieu of cash and apply to the purchase price the amount which shall, upon distribution of the net proceeds of such sale, after application to the costs of the action and any other sums which the Trustee is authorized to deduct under this Indenture, be payable on such Securities so delivered in respect of principal, premium, if any, and interest. In case the amount so payable on such Securities shall be less than the amount due thereon, duly executed and authenticated Securities shall be delivered in exchange therefor to the Holder thereof for the balance of the amount due on such Securities so delivered by such Holder.

(6) Receipt of Trustee Shall Discharge Purchaser. The receipt of the Trustee or of the officer making such sale under judicial proceedings shall be a sufficient discharge to any purchaser for his purchase money, and, after paying such purchase money and receiving such receipt, such purchaser or his personal representative or assigns shall not be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or non-application thereof.

(7) Sale To Divest Rights of Company in Property Sold. Any such sale shall operate to divest the Company of all right,

title, interest, claim and demand whatsoever, either at law or in equity or otherwise, in and to the Pledged Property so sold, and shall be a perpetual bar both at law and in equity or otherwise against the Company, and its successors and assigns, and any and all persons claiming or who may claim the Pledged Property sold or any part thereof from, through or under the Company, or its successors and assigns.

(8) Application of Moneys Received upon Sale. Any moneys collected by the Trustee upon any sale made either under the power of sale given by this Indenture or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, shall be applied as provided in Section 8.12.

Section 8.05. Judicial Proceedings Instituted by Trustee.

(a) Trustee May Bring Suit. If there shall be a failure to make payment of the principal of any Security at its Stated Maturity or upon Sinking Fund redemption, declaration of acceleration or otherwise,or if there shall be a failure to pay the premium, if any, or interest on any Security when the same becomes due and payable, then the Trustee, if any such failure shall continue for 15 days, in its own name, and as trustee of an express trust, shall be entitled, and empowered subject to the proviso to the first paragraph of Section 8.02, to institute any suits, actions or proceedings at law, in equity or otherwise, for the collection of the sums so due and unpaid on the Securities, and may prosecute any such claim or proceeding to judgment or final decree, and may enforce any such judgment or final decree and collect the moneys adjudged or decreed to be payable in any manner provided by law, whether before or after or during the pendency of any proceedings for the enforcement of the Lien of this Indenture, or of any of the Trustee's rights or the rights of the Securityholders under this Indenture, and such power of the Trustee shall not be affected by any sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or for the foreclosure of the lien hereof.

(b) Trustee May Recover Unpaid Indebtedness after Sale of Pledged Property. In the case of a sale of the Pledged Property and of the application of the proceeds of such sale to the payment of the indebtedness secured by this Indenture, the Trustee in its own name, and as trustee of an express trust, shall be entitled and empowered, by any appropriate means, legal, equitable or otherwise, to enforce payment of, and to receive all amounts then remaining due and unpaid upon, all or any of the Securities, for the benefit of the Holders thereof, and upon any other portion of the indebtedness remaining unpaid, with interest at the rates specified in the respective

Securities on the overdue principal of, and premium, if any, and (to the extent that payment of such interest is legally enforceable) on the overdue installments of interest.

(c) Recovery of Judgment Does Not Affect Lien of this Indenture or Other Rights. No recovery of any such judgment or final decree by the Trustee and no levy of any execution under any such judgment upon any of the Pledged Property, or upon any other property, shall in any manner or to any extent affect the Lien of this Indenture upon any of the Pledged Property, or any rights, powers or remedies of the Trustee, or any liens, rights, powers or remedies of the Holders, but all such liens, rights, powers and remedies shall continue unimpaired as before.

(d) Trustee May File Proofs of Claim; Appointment of Trustee as Attorney-in-Fact in Judicial Proceedings. The Trustee in its own name, or as trustee of an express trust, or as attorney-in-fact for the Holders, or in any one or more of such capacities (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand for the payment of overdue principal, premium, if any, or interest), shall be entitled and empowered to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Holders (whether such claims be based upon the provisions of the Securities or of this Indenture) allowed in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or any other judicial proceedings relative to the Company or any obligor on the Securities (within the meaning of the TIA), the creditors of the Company or any such obligor, the Pledged Property or any other property of the Company or any such obligor, and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) 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 to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel (it being agreed by the parties hereto that such amounts shall be considered administrative expenses for the purposes of any bankruptcy proceeding). The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Securities, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective Holders, with authority to (i) make and file in the respective names of the Holders (subject to deduction from any such claims of the amounts of any claims filed by any of the Holders

themselves), any claim, proof of claim or amendment thereof, debt, proof of debt or amendment thereof, petition or other document in any such proceedings and to receive payment of any amounts distributable on account thereof, (ii) execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such Holders, as may be necessary or advisable in order to have the respective claims of the Trustee and of the Holders against the Company or any such obligor, the Pledged Property or any other property of the Company or any such obligor allowed in any such proceeding and (iii) receive payment of or on account of such claims and debt; provided, however, that nothing contained in this Indenture shall be deemed to give to the Trustee any right to accept or consent to any plan of reorganization or otherwise by action of any character in any such proceeding to waive or change in any way any right of any Securityholder. Any moneys collected by the Trustee under this Section shall be applied as provided in Section 8.12.

(e) Trustee Need Not Have Possession of Securities. All rights of action and of asserting claims under this Indenture or under any of the Securities enforceable by the Trustee may be enforced by the Trustee without possession of any of such Securities or the production thereof at the trial or other proceedings relative thereto.

(f) Suit To Be Brought for Ratable Benefit of Holders. Any suit, action or other proceeding at law, in equity or otherwise which shall be instituted by the Trustee under any of the provisions of this Indenture shall be for the equal, ratable and common benefit of all the Holders, subject to the provisions of this Indenture.

(g) Trustee May Be Restored to Former Position and Rights in Certain Circumstances. In case the Trustee shall have proceeded to enforce any right under this Indenture by suit, foreclosure or otherwise and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then in every such case, the Company, SERI and the Trustee shall be restored without further act to their respective former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

Section 8.06. Holders May Demand Enforcement of Rights by Trustee.

If an Event of Default shall have occurred and shall be continuing, the Trustee shall, upon the written request of the Holders of a majority in aggregate principal amount of the Securities then Outstanding and upon the offering of security

or indemnity as provided in Section 9.03(e), but subject in all cases to the provisions of Section 3.03 and the proviso to the first paragraph of Section 8.02, proceed to institute one or more suits, actions or proceedings at law, in equity or otherwise, or take any other appropriate remedy, to enforce payment of the principal of or premium (if any) or interest on the Securities or Pledged Lessor Notes or to foreclose this Indenture or to sell the Pledged Property under a judgment or decree of a court or courts of competent jurisdiction or under the power of sale herein granted, or take such other appropriate legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights or powers of the Trustee or the Securityholders, or, in case such Securityholders shall have requested a specific method of enforcement permitted hereunder, in the manner requested, provided that such action shall not be otherwise than in accordance with law and the provisions of this Indenture, and the Trustee, subject to such indemnity provisions, shall have the right to decline to follow any such request if the Trustee in good faith shall determine that the suit, proceeding or exercise of the remedy so requested would involve the Trustee in personal liability or expense.

Section 8.07. Control by Holders.

The Holders of not less than a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 8.08. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past default hereunder and its consequences, except that only the Holders of all Securities affected thereby may waive a default

(1) in the payment of the principal of or premium, if any, or interest on such Securities or

(2) in respect of a covenant or provision hereof which under Article Eleven cannot be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 8.09. Proceedings Instituted by Holder.

A Holder shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise for the foreclosure of this Indenture, for the appointment of a receiver or for the enforcement of any other remedy under or upon this Indenture, unless:

(1) such Holder previously shall have given written notice to the Trustee of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of the Securities then Outstanding shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 9.03(e);

(3) the Trustee shall have refused or neglected to institute any such action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and

(4) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of Outstanding Securities.

It is understood and intended that no one or more of the Holders shall have any right in any manner whatever hereunder or under the Securities to (i) surrender, impair, waive, affect, disturb or prejudice the Lien of this Indenture on any property subject thereto or the rights of the Holders of any other Securities, (ii) obtain or seek to obtain priority or preference over any other such Holder or (iii) enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all the Holders subject to the provisions of this Indenture.

Section 8.10. Undertaking To Pay Court Costs.

All parties to this Indenture, and each Holder by his acceptance of a Security, shall be deemed to have agreed that any court may in its discretion require, in any suit, action or proceeding for the enforcement of any right or remedy under this Indenture, or in any suit, action or proceeding against the Trustee for any action taken or omitted by it as Trustee hereunder, the filing by any party litigant in such suit, action or proceeding of an

undertaking to pay the costs of such suit, action or proceeding, and that such court may, in its discretion, assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, action or proceeding, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided, however, that the provisions of this Section shall not apply to (a) any suit, action or proceeding instituted by the Trustee, (b) any suit, action or proceeding instituted by any Holder or group of Holders holding in the aggregate more than 10% in aggregate principal amount of the Securities then Outstanding or (c) any suit, action or proceeding instituted by any Holder for the enforcement of the payment of the principal of or premium, if any, or interest on any of the Securities, on or after the respective due dates expressed therein.

Section 8.11. Right of Holders To Receive Payment Not To Be Impaired.

Anything in this Indenture to the contrary notwithstanding, the right of any Holder of any Security to receive payment of the principal of and premium, if any, and interest on such Security, on or after the respective due dates expressed in such Security (or, in case of redemption, on the Redemption Date fixed for such Security), or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 8.12. Application of Moneys Collected by Trustee.

Any moneys collected or to be applied by the Trustee pursuant to this Article, together with any other moneys which may then be held by the Trustee under any of the provisions of this Indenture as security for the Securities (other than moneys at the time required to be held for the payment of specific Securities at their Stated Maturities or at a time fixed for the redemption thereof) shall be applied in the following order from time to time, on the date or dates fixed by the Trustee and, in the case of a distribution of such moneys on account of principal, premium, if any, or interest upon presentation of the several Outstanding Securities, and stamping thereon of payment, if only partially paid, and upon surrender thereof, if fully paid:

First: to the payment of all taxes, assessments or liens prior to the Lien of this Indenture, except those subject to which any sale shall have been made, all reasonable costs and expenses of collection, including the reasonable costs and expenses of handling the Pledged Property and of any sale thereof pursuant to the provisions of this Article and of the enforcement of any remedies hereunder or under any Lease Indenture, and to the payment of all amounts due the Trustee or any predecessor Trustee under Section 9.07, or through the

Trustee by any Holder or Holders;

Second: in case the principal of the Outstanding Securities or any of them shall not have become due, to the payment of any interest in default, in the order of the maturity of the installments of such interest, with interest at the rates specified in the respective Securities in respect of overdue payments (to the extent that payment of such interest shall be legally enforceable) on the overdue installments thereof;

Third: in case the principal of any of but not all the Outstanding Securities shall have become due at their Stated Maturities, on a Redemption Date or otherwise, first to the payment of accrued interest in the order of the maturity of the installments thereof with interest at the respective rates specified in the Securities in respect of payments on overdue principal, premium, if any, and (to the extent that payment of such interest shall be legally enforceable) on overdue installments of interest, and next to the payment of the principal of all Securities then due;

Fourth: in case the principal of all the Outstanding Securities shall have become due at their Stated Maturities, by declaration, on a Redemption Date or otherwise, to the payment of the whole amount then due and unpaid upon the Securities then Outstanding for principal, premium, if any, and interest, together with interest at the respective rates specified in the Securities in respect of overdue payments on principal, premium, if any, and (to the extent that payment of such interest shall be legally enforceable) on overdue installments of interest; and

Fifth: in case the principal of all the Securities shall have become due at their Stated Maturities, by declaration, upon redemption or otherwise, and all of such Securities shall have been fully paid, together with all interest (including any interest on overdue payments) and premium, if any, thereon, any surplus then remaining shall be paid to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct;

provided, however, that all payments to be made pursuant to this Section shall be made ratably to the persons entitled thereto, without discrimination or preference.

Section 8.13. Securities Held by Certain Persons Not To Share in Distribution

Any Securities known to the Trustee to be owned or held by, or for the account or benefit of, the Company, SERI, or any Affiliate of

either thereof shall not be entitled to share in any payment or distribution provided for in this Article until all Securities held by other Persons have been paid in full and all amounts owing to the Trustee (including without limitation, fees and expenses of its counsel) pursuant to the Indenture or otherwise have been paid in full.

Section 8.14. Waiver of Appraisement, Valuation, Stay, Right to Marshalling.

To the extent it may lawfully do so, each of the Company and SERI, for itself and for any Person who may claim through or under it, hereby:

(1) agrees that neither it nor any such Person will set up, plead, claim or in any manner whatsoever take advantage of, any appraisement, valuation, stay, extension or redemption laws, now or hereafter in force in any jurisdiction, which may delay, prevent or otherwise hinder (i) the performance or enforcement or foreclosure of this Indenture, (ii) the sale of any of the Pledged Property or (iii) the putting of the purchaser or purchasers thereof into possession of such property immediately after the sale thereof:

(2) waives all benefit or advantage of any such laws;

(3) waives and releases all rights to have the Pledged Property marshalled upon any foreclosure, sale or other enforcement of this Indenture; and

(4) consents and agrees that all the Pledged Property may at any such sale be sold by the Trustee as an entirety.

Section 8.15. Remedies Cumulative; Delay or Omission Not a Waiver.

Every remedy given hereunder to the Trustee or to any of the Holders shall not be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter given by statute, law, equity or otherwise. The Trustee may exercise all or any of the powers, rights or remedies given to it hereunder or which may now or hereafter be given by statute, law, or equity or otherwise, in its absolute discretion. No course of dealing between the Company or SERI and the Trustee or the Holders or any delay or omission of the Trustee or of any Holder to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver of any such Event of Default or of any right of the Trustee or of the Holders or acquiescence therein, and, subject to the provisions of Section

8.07, every right, remedy and power given by this Article to the Trustee or to the Holders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Holders.

ARTICLE NINE

The Trustee

Section 9.01. Certain Duties and Responsibilities.

(a) The Trustee shall have and be subject to all the duties and responsibilities specified with respect to an indenture trustee in the Trust Indenture Act.

(b) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 9.02. Notice of Defaults.

In addition to its obligation to give notice to Holders as provided in Section 3.03, the Trustee shall give the Holders notice of default hereunder in the manner and to the extent required to do so by the Trust Indenture Act, unless such default shall have been cured or waived; provided, however, that in the case of any default of the character specified in Section 8.01(c) no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 9.03. Certain Rights of Trustee.

Subject to the provisions of Section 9.01 and to the applicable provisions of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be fully protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond,

debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company or SERI mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, or a SERI Request or SERI Order, in the case of a request or direction of either the Company or SERI, as the case may be, and any resolution of the Board of Directors of the Company or SERI may be sufficiently evidenced by a Board Resolution of the Company or SERI, as the case may be;

(c) 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, conclusively rely upon an Officers' Certificate of the Company or SERI;

(d) the Trustee may consult with counsel 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;

(e) 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 or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) 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 shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company or SERI, personally or by agent or attorney at the sole cost and expense of the Company or SERI, as the case may be;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and the

Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian or nominee appointed with due care by it hereunder;

(h) the Trustee shall not be charged with knowledge of any Event of Default with respect to the Securities of any series for which it is acting as Trustee unless either (i) a Responsible Officer of the Trustee assigned to the Corporate Trust & Agency Group of the Trustee (or any successor division or department of the Trustee) shall have actual knowledge of the Event of Default or (ii) written notice of such Event of Default shall have been given to the Trustee by the Company, any other obligor on such Securities or by any Holder of such Securities; and

(i) In the event that the Trustee is also acting as Paying Agent or Security Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article Nine shall also be afforded to such Paying Agent or Security Registrar.

Section 9.04. Not Responsible for Recitals or Issuance of Securities

The recitals contained herein and in the Securities, except the certificates of authentication, shall not be taken as the statements of the Trustee, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Pledged Property or the Securities, except that the Trustee hereby represents and warrants that this Indenture has been executed and delivered by one of its officers who is duly authorized to execute and deliver such document on its behalf. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 9.05. May Hold Securities.

The Trustee, any Paying Agent, any Security Registrar, any Authenticating Agent or any other agent of the Company or SERI, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 9.08 and 9.13, may otherwise deal with the Company and SERI with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

Section 9.06. Funds May Be Held by Trustee or Paying Agent.

Any monies held by the Trustee or the Paying Agent hereunder as part of the Pledged Property may, until paid out by the

Trustee or the Paying Agent as herein provided, be carried by the Trustee or the Paying Agent on deposit with itself, and neither the Trustee nor the Paying Agent shall have any liability for interest upon any such monies.

Section 9.07. Compensation and Reimbursement of Trustee and Authorized Agents.

Each of the Company and SERI shall be liable, jointly and severally, to:

(a) pay, or cause to be paid, to each of the Trustee and any Authorized Agent from time to time reasonable compensation 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);

(b) reimburse, or cause to be reimbursed, each of the Trustee and any Authorized Agent upon its request for all expenses, disbursements and advances incurred or made by it in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence, willful misconduct or bad faith; and

(c) indemnify, or cause to be indemnified, each of the Trustee, any predecessor Trustee and any Authorized Agent for, and hold it harmless against, any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust or the performance of its duties hereunder, 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.

As security for the performance of the obligations of the Company under this Section the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust under Section 12.03.

Section 9.08. Disqualification; Conflicting Interests.

If the Trustee shall have or acquire any conflicting interest within the meaning of the Trust Indenture Act, it shall either eliminate such conflicting interest or resign to the extent, in the manner and with the effect, and subject to the conditions, provided in the Trust Indenture Act and this Indenture.

Section 9.09. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be:

(a) a corporation organized and doing business under the laws of the United States of America, any State or Territory thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal or State authority, or

(b) if and to the extent permitted by the Commission by rule, regulation or order upon application, a corporation or other Person organized and doing business under the laws of a foreign government, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 or the U.S. Dollar equivalent of the applicable foreign currency and subject to supervision or examination by authority of such foreign government or a political subdivision thereof substantially equivalent to supervision or examination applicable to United States institutional trustees,

and, in either case, qualified and eligible under this Article and the Trust Indenture Act. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. No obligor upon the Securities or person directly or indirectly controlling, controlled by, or under common control with such obligor shall serve as Trustee upon such Securities. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 9.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.11.

(b) The Trustee may resign at any time by giving written notice thereof to the Company and SERI. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, SERI and the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee, the Company and SERI.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 9.08 after written request therefor by any Owner Trustee, the Company, SERI or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 9.09 and shall fail to resign after written request therefor by any Lessor or by any such Securityholder, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) SERI, acting after consultation with the Company, may remove the Trustee by Board Resolution or (ii) subject to Section 8.10, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, SERI, acting after consultation with the Company, shall promptly appoint by Board Resolution a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company, SERI and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by SERI. If no successor Trustee shall have been so appointed by SERI, acting after consultation with the Company, or by the Holders, and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor

Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

(g) No Trustee under the Indenture shall be personally liable for any action or omission of any successor Trustee.

Section 9.11. Acceptance of Appointment by Successor

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company, SERI and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of any Owner Trustee, the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 9.07. Upon request of any such successor Trustee, SERI and the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 9.12. Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 9.13. Preferential Collection of Claims against any Obligor.

If the Trustee shall be or become a creditor of any obligor (within the meaning of the Trust Indenture Act) upon the Securities, the Trustee shall be subject to any and all applicable provisions of the Trustee Indenture Act regarding the collection of claims against such obligor.

Section 9.14. Authorized Agents.

(a) There shall at all times hereunder be a Paying Agent authorized by the Company to pay the principal of and premium, if any, and interest on any Securities and a Security Registrar for the purpose of registration of and registration of transfer and exchange of Securities. The Trustee is hereby initially appointed as Paying Agent and Security Registrar hereunder.

The Company may appoint one or more Paying Agents. Any Paying Agent (other than one simultaneously serving as the Trustee) from time to time appointed hereunder shall execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of principal of and premium, if any, and interest on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee within five days thereafter notice of any default by any obligor upon the Securities in the making of any such payment of principal, premium, if any, or interest; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

Notwithstanding any other provision of this Indenture, any payment required to be made to or received or held by the Trustee may, to the extent authorized by written instructions of the Trustee, be made to or received or held by a Paying Agent in the Borough of Manhattan, The City of New York, for the account of the Trustee.

(b) In addition, at any time when any of the Securities remain Outstanding the Trustee may appoint an Authenticating Agent or Agents with respect to the Securities of one or more series which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issuance, exchange,

registration of transfer or partial redemption thereof or pursuant to Section 2.09, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder (it being understood that wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent). If an appointment of an Authenticating Agent with respect to the Securities of one or more series shall be made pursuant hereto, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

_____
As Trustee

By_____
As Authenticating Agent

By_____
Authorized Signatory

(c) Any Authorized Agent shall be (i) acceptable to the Company and SERI, (ii) a bank or trust company, (iii) a corporation organized and doing business under the laws of the United States or of any State, Territory or the District of Columbia, with a combined capital and surplus of at least $50,000,000, and (iv) authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authorities. If such Authorized Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authorized Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authorized Agent shall cease to be eligible in accordance with the provisions of this Section, such Authorized Agent shall resign immediately in the manner and with the effect specified in this Section.

(d) Any corporation into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any

corporation resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor corporation.

(e) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee, SERI and the Company. The Company may, and at the request of the Trustee or SERI shall, at any time, terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Company shall promptly appoint one or more qualified successor Authorized Agents approved by the Trustee and SERI to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section. The Company shall give written notice of any such appointment to all Holders as their names and addresses appear on the Security Register. In the event that an Authorized Agent shall resign or be removed, or be dissolved, or if the property or affairs of such Authorized Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed such Authorized Agent's successor or successors, the Trustee shall ipso facto be deemed to be such Authorized Agent for all purposes of this Indenture until the Company appoints a successor or successors to such Authorized Agent.

Section 9.15. Co-Trustee or Separate Trustee

(a) If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which property shall be held subject to the lien hereof, or the Trustee shall be advised by counsel satisfactory to it, that it is so necessary or prudent in the interest of Holders or the Holders of a majority in principal amount of Outstanding Securities shall in writing so request, the Trustee, the Company and SERI shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company or one or more Persons approved by the Trustee either to act as co-trustee or co-trustees of all or any part of the Pledged Property jointly with the Trustee originally named herein or any successor or successors, or to act as separate trustee or trustees of all or any such property. In the event SERI and the Company shall have not joined in the execution of such instruments and agreements within 10 days after the receipt of a written request

from the Trustee so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee may act under the foregoing provisions of this Section without the concurrence of SERI or the Company; and SERI and the Company each hereby appoint the Trustee its agent and attorney to act for it under the foregoing provisions of this Section in either of such contingencies.

(b) Every additional trustee hereunder shall, to the extent permitted by law, be appointed and act, and such additional trustee and its successors shall act, subject to the following provisions and conditions, namely:

(1) the Securities shall be authenticated and delivered, and all powers duties, obligations and rights conferred upon the Trustee in respect of the custody, control and management of moneys, papers or securities, shall be exercised, solely by the Trustee, unless otherwise expressly permitted by the terms hereof;

(2) all rights, powers, duties and obligations conferred or imposed upon the Trustee (other than those referred to in the preceding clause (1)), shall be conferred or imposed upon and exercised or performed by the Trustee and such additional trustee or trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee or trustees;

(3) no power given hereby to, or which it is provided hereby may be exercised by, any such additional trustee or trustees, shall be exercised hereunder by such additional trustee or trustees, except jointly with, or with the consent in writing of, the Trustee, anything herein contained to the contrary notwithstanding;

(4) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(5) SERI, the Company and the Trustee, at any time, by an instrument in writing, executed by them jointly, may remove any such additional trustee, and in that case, by an instrument in writing executed by them jointly, may appoint a successor or successors to such additional trustee or trustees, as the case may be, anything herein contained to the contrary notwithstanding; provided, however, that if SERI, the Company and the Trustee remove any such additional trustee which has been appointed at the request of the Holders pursuant to clause (a) above, then such parties shall appoint a successor or

successors to such additional trustee so removed unless the Holders of a majority in principal amount of Outstanding Securities shall have agreed in writing that no such successor or successors need be appointed. In the event that SERI and the Company shall not have joined in the execution of any such instrument within 10 days after the receipt of a written request from the Trustee to do so, the Trustee shall have the power to remove any such additional trustee and to appoint a successor additional trustee without the concurrence of SERI and the Company, each hereby appointing the Trustee its agent and attorney to act for it in such connection in such contingency. In the event that the Trustee alone shall have appointed an additional trustee or trustees or co-trustee or co-trustees as above provided, it may at any time, by an instrument in writing, remove any such additional trustee or co-trustee, the successor to any such trustee or co-trustee so removed, to be appointed by SERI, the Company and the Trustee, or by the Trustee alone, as hereinbefore in this Section provided.

ARTICLE TEN

Holders' Lists and Reports by Trustee and SERI

Section 10.01. SERI to Furnish Trustee Names and Addresses of Holders

Semiannually, not later than March 31 and September 30 in each year, commencing March 31, 1994 and at such other times as the Trustee may request in writing, SERI shall furnish or cause to be furnished to the Trustee information as to the names and addresses of the Holders, and the Trustee shall preserve such information and similar information received by it in any other capacity and afford to the Holders access to information to preserve by it, all to such extent, if any, and in such manner as shall be required by the Trust Indenture Act; provided, however, that so long as the Trustee is the sole Security Registrar, or is otherwise furnished a copy of the Security Register, no such list need be furnished by SERI.

Section 10.02. Reports by Trustee and SERI.

If required by Section 313 (a) of the Trust Indenture Act, within thirty days after December 1 in each year commencing December 1, 1994, the Trustee shall transmit to the Holders and the Commission a report with respect to any events described in Section 313(a) of the Trust Indenture Act, in such manner and to the extent required by the Trust Indenture Act. The Trustee shall transmit to the Holders and the Commission, and SERI

shall file with the Trustee and transmit to the Holders, such other information, reports and other documents, if any, at such times and in such manner, as shall be required by the Trust Indenture Act.

ARTICLE ELEVEN

Supplemental Indentures

Section 11.01. Supplemental Indentures Without Consent of Holders

Without the consent of the Holders of any Securities, SERI, when authorized by a Board Resolution, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto (a "Series Supplemental Indenture" in the case of item (a) below), in form satisfactory to the Trustee, for any of the following purposes:

(a) to establish the form and terms of Securities of any series of Securities permitted by Sections 2.01 and 2.03; or

(b) to evidence the succession of another corporation to SERI and the assumption by any such successor of the covenants of SERI herein contained, or to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities contained; or

(c) to evidence the succession of a new trustee hereunder or a co-trustee or separate trustee pursuant to Section 9.15 hereof;

(d) to add to the covenants of the Company or SERI, for the benefit of the Holders of the Securities, or to evidence the surrender of any right or power herein conferred upon the Company or SERI; or

(e) to convey, transfer and assign to the Trustee, and to subject to the Lien of this Indenture, with the same force and effect as though included in the Granting Clauses hereof, additional Pledged Lessor Notes or additional properties or assets, and to correct or amplify the description of any property at any time subject to the Lien of this Indenture or to assure, convey and confirm unto the Trustee any property subject or required to be subject to the Lien of this Indenture; or

(f) to permit or facilitate the issuance of Securities in uncertificated form; or

(g) to change or eliminate any provision of this Indenture; provided, however, that if such change or elimination shall adversely affect the interests of the Holders of Securities of any series, such change or elimination shall become effective with respect to such series only when no Security of such series remains Outstanding; or

(h) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interest of the Holders of the Securities in any material respect.

Without limiting the generality of the foregoing, if the Trust Indenture Act as in effect at the date of the execution and delivery of this Indenture or at any time thereafter shall be amended and:

(x) if any such amendment shall require one or more changes to any provisions hereof or the inclusion herein of any additional provisions, or shall by operation of law be deemed to effect such changes or incorporate such provisions by reference or otherwise, this Indenture shall be deemed to have been amended so as to conform to such amendment to the Trust Indenture Act, and the Company, SERI and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to evidence such amendment hereof; or

(y) if any such amendment shall permit one or more changes to, or the elimination of, any provisions hereof which, at the date of the execution and delivery hereof or at any time thereafter, are required by the Trust Indenture Act to be contained herein or are contained herein to reflect any provisions of the Trust Indenture Act as in effect at such date, this Indenture shall be deemed to have been amended to effect such changes or elimination, and the Company, SERI and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to evidence such amendment hereof.

Section 11.02. Supplemental Indenture With Consent of Holders.

With the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under this Indenture, considered as one class, by Act of said Holders delivered

to the Company, SERI and the Trustee, the Company and SERI, when authorized by a Board Resolution, may, and the Trustee, subject to Sections 11.03 and 11.04, shall, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture; provided, however, that if there shall be Securities of more than one series Outstanding hereunder and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security or coupon of each series directly affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, or any Installment Payment Date, or the dates or circumstances of payment of premium, if any, on, any Security, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, any Security or the premium, if any, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment of principal or interest on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date) or such payment of premium, if any, on or after the date such premium becomes due and payable or change the dates or the amounts of payments to be made through the operation of a Sinking Fund or through installment payments of principal in respect of such Securities, or

(b) permit the creation of any lien prior to or, except with respect to additional series of Securities issued in accordance with the terms of this Indenture, pari passu with the Lien of this Indenture with respect to any of the Pledged Property, or terminate the Lien of this Indenture on any Pledged Property (except in each case as permitted by, and pursuant to, Article Four) or deprive any Holder of the security afforded by the Lien of this Indenture, or

(c) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this

Indenture, or reduce the requirements of Section 13.04 for quorum or voting, or

(d) modify any of the provisions of this Section or Section 8.08, except to increase any percentage or percentages referred to in this Section or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Security affected thereby.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

Upon receipt by the Trustee of Board Resolutions of the Company and SERI and such other documentation as the Trustee may reasonably require and upon the filing with the Trustee of evidence of the Act of said Holders, the Trustee shall join in the execution of such supplemental indenture or other instrument, as the case may be, subject to the provisions of Sections 11.03 and 11.04.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 11.03. Documents Affecting Immunity or Indemnity.

If in the opinion of the Company or the Trustee any document required to be executed by it pursuant to the terms of Section 11.02 affects any interest, right, duty, immunity or indemnity in favor of the Company or the Trustee under this Indenture or any of the Participation Agreements, the Company or the Trustee, as the case may be, may in its discretion decline to execute such document.

Section 11.04. Election of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall receive, and (subject to Section 9.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture.

Section 11.05. Effect of Supplemental Indentures

Upon the execution of any supplemental indenture under this Article, 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 delivered hereunder shall, subject to the provisions of this Article, be bound thereby.

Section 11.06. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the TIA as then in effect.

Section 11.07. Reference in Securities to Supplemental Indentures

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by any Owner Trustee, the Company or SERI, bear a notation in form approved by such Lessor, the Company, SERI and the Trustee as to any matter provided for in such supplemental indenture; and, in such case, suitable notation may be made upon Outstanding Securities after proper presentation and demand. If any Owner Trustee, the Company or SERI shall so determine, new Securities so modified as to conform, in the opinion of such Owner Trustee, the Company, SERI and the Trustee, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

ARTICLE TWELVE

Satisfaction and Discharge

Section 12.01. Satisfaction and Discharge of Securities.

Any Security or Securities, or any portion of the principal amount thereof, shall, prior to the Stated Maturity of principal thereof, be deemed to have been paid for all purposes of this Indenture, and the entire indebtedness of the Company in respect thereof shall be deemed to have been satisfied and discharged:

(a) if the Company shall have irrevocably deposited with the Trustee, in trust, money in an amount which shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on such Securities or portions thereof on and prior to the Stated Maturity of principal thereof or upon redemption or each principal Installment Payment Date; or

(b) if the Pledged Lessor Notes, of the series corresponding to the series of which such Security or Securities are a part, shall be deemed to have been paid in

accordance with Section 2.4(c) of the Lease Indenture or Lease Indentures under which such Pledged Lessor Notes were issued;

provided, however, that, in case of redemption of Securities, the notice requisite to the validity of such redemption shall have been given or irrevocable authority shall have been given by the Company to the Trustee to give such notice, under arrangements satisfactory to the Trustee; and provided, further, that the Company shall have delivered to the Trustee:

(x) if any such deposit of money shall have been made prior to the Stated Maturity of principal or Redemption Date of such Securities, a Company Order stating that such money shall be held by the Trustee, in trust, as provided in Section 12.03, and

(y) if such Pledged Lessor Notes are so deemed to have been paid, a copy of each certificate or opinion delivered to the Lease Indenture Trustees pursuant to Section 2.4(c) of the related Lease Indentures.

Upon satisfaction of the aforesaid conditions with respect to any Security or Securities or portion thereof, the Trustee shall, upon receipt of a Company Request, acknowledge in writing that such Security or Securities or portions thereof are deemed to have been paid for all purposes of this Indenture and that the entire indebtedness of the Company in respect thereof is deemed to have been satisfied and discharged.

If payment at Stated Maturity of principal of less than all of the Securities of any series is to be provided for in the manner and with the effect provided in this Section, the Trustee shall select such Securities, or portions of principal amount thereof, in the manner specified by Section 6.03 for selection for redemption of less than all the Securities of a series.

In the event that Securities which shall be deemed to have been paid as provided in this Section do not mature and are not to be redeemed within the sixty (60) day period commencing with the date of the deposit with the Trustee of moneys, or the date on which Pledged Lessor Notes are deemed to have been paid, as the case may be, the Company shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Securities, to the Holders of such Securities to the effect that such Securities are deemed to have been paid and the circumstances thereof.

Notwithstanding the satisfaction and discharge of any Securities as aforesaid, the obligations of the Company and the Trustee in respect of such Securities under Sections 2.07, 2.08, 2.09, 5.02, 5.03, 9.07 and 9.14 and this Article Twelve shall survive.

Section 12.02. Satisfaction and Discharge of Indenture

This Indenture shall upon Company Request cease to be of further effect (except as hereinafter expressly provided), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(i) all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.09 and (B) Securities deemed to have been paid in accordance with Section 12.01) have been delivered to the Trustee for cancellation; or

(ii) all Securities not theretofore delivered to the Trustee for cancellation shall be deemed to have been paid in accordance with Section 12.01;

(b) all other sums due and payable hereunder have been paid; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Upon satisfaction of the aforesaid conditions, the Trustee shall, upon receipt of a Company Request, acknowledge in writing the satisfaction and discharge of this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture as aforesaid, the obligations of the Company, SERI and the Trustee under Sections 2.07, 2.08, 2.09, 5.02, 5.03, 9.07 and 9.14 and this Article Twelve shall survive.

Upon satisfaction and discharge of this Indenture as provided in this Section, the Trustee shall assign, transfer and turn over to or upon the order of the Company, any and all money, securities and other property then held by the Trustee for the benefit of the Holders of the Securities other than money held by the Trustee pursuant to Section 12.03 and the Pledged Lessor Notes.

Section 12.03. Application of Trust Money.

The money deposited with the Trustee pursuant to Section 12.01

shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on the Securities or portions of principal amount thereof in respect of which such deposit was made, all subject however, to the provisions of Section 5.03; provided, however, that, if not then needed for such purpose, such interest on which are unconditionally guaranteed by, the United States of America or certificates of an ownership interest in the principal of or interest on any of such obligations, in any case maturing at such times and in such amounts as shall be sufficient to pay when due the principal of and premium, if any, and
interest due and to become due on such Securities or portions thereof on and prior to the Stated Maturity, Installment Payment Dates or Redemption Date thereof, and so long as there shall not have occurred and be continuing an Event of Default, interest earned from such investment shall be paid over to or upon the order of the Company as received by the Trustee, less any fees and expenses of the Trustee (including without limitation the fees and expenses of its counsel) incurred in connection therewith free and clear of any trust, lien or pledge under this Indenture; and provided, further, that, so long as there shall not have occurred and be continuing an Event of Default, any moneys held by the Trustee in accordance with this Section on the Stated Maturity, Installment Payment Dates or Redemption Date of all such Securities in excess of the amount required to pay the principal of and premium, if any, and interest then due on such Securities shall be paid over to or upon the order of the Company less any fees and expenses of the Trustee (including without limitation the fees and expenses of its counsel) incurred in connection therewith free and clear of any trust, lien or pledge under this Indenture.

ARTICLE THIRTEEN

Meetings of Holders of Securities; Action without Meeting

Section 13.01. Purposes for Which Meetings May Be Called.

A meeting of Holders of Securities of one or more, or all, series, may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

Section 13.02. Call, Notice and Place of Meetings

(a) The Trustee may at any time call a meeting of Holders of Securities of one or more or all, series for any purpose specified in Section 13.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine, or, with the approval of the Company and SERI, at any other

place. Notice of every such meeting, shall be given to the Company SERI, each Owner Trustee, each Owner Participant and the Holders, in the manner provided in Sections 1.05 and 1.06 and, in the case of each Owner Trustee or Owner Participant, in the manner specified in Section 18 of the Participation Agreement, not less than 21 nor more than 180 days prior to the date fixed for the meeting .

(b) If the Trustee shall have been requested to call a meeting of the Holders of Securities of one or more, or all, series by the Company, by SERI or by the Holders of 33% in aggregate principal amount of all of such series, considered as one class, for any purpose specified in Section 13.01, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company, SERI or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in such other place as shall be determined or approved by the Company and SERI, for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

(c) Any meeting of Holders of Securities of one or more, or all, series shall be valid without notice if the Holders of all Outstanding Securities of such series are present in person or by proxy and if representatives of the Company, SERI and the Trustee are present, or if notice is waived in writing before or after the meeting by the Holders of all Outstanding Securities of such series, or by such of them as are not present at the meeting in person or by proxy, and by the Company, SERI and the Trustee.

Section 13.03. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of one or more, or all, series, a Person shall be (a) a Holder of one or more Outstanding Securities of such series or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to attend any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company, SERI, any Owner Trustee and any Owner Participant and their respective counsel.

Section 13.04. Quorum; Action

The Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of the series with respect to

which a meeting shall have been called as hereinbefore provided, considered as one class, shall constitute a quorum for a meeting of Holders of Securities of such series: provided, however, that if any action is to be taken at such meeting which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series, considered as one class, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series, considered as one class, shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Except as provided by Section 13.05(e), notice of the reconvening of any adjourned meeting shall be given as provided in Section 13.02(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by Section 11.02, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted only by the affirmative vote of the Holders of a majority in aggregate principal amount of the Outstanding Securities of the series with respect to which such meeting shall have been called, considered as one class; provided, however, that, except as so limited, any resolution with respect to any action which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series, considered as one class, may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of such series, considered as one class.

Any resolution passed or decision taken at any meeting of Holders of Securities duly held in accordance with this Section shall be binding on all the Holders of Securities of the series with respect to which such meeting shall have been held, whether or not present or represented at the meeting.

Section 13.05. Attendance at Meetings; Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Attendance at meetings of Holders of Securities may be in person or by proxy; and, to the extent permitted by law, any such proxy shall remain in effect and be binding upon any future Holder of the Securities with respect to which it was given unless and until specifically revoked by the Holder or future Holder of such Securities before being voted.

(b) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities in regard to proof of the holding of such Securities and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 1.04 and the appointment of any proxy shall be proved in the manner specified in Section 1.04. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 1.04 or other proof.

(c) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company, SERI or by Holders of Securities as provided in Section 13.02(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series represented at the meeting, considered as one class.

(d) At any meeting each Holder of a Security or proxy shall be entitled to one vote for each $1,000 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security or proxy.

(e) Any meeting duly called pursuant to Section 13.02 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series represented at the meeting, considered as one class; and the meeting may be held as so adjourned without further notice.

Section 13.06. Counting Votes and Recording Action of Meetings

The vote upon any resolution submitted to any meeting of Holders of Securities shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities, of the series with respect to which the meeting shall have been called, held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in quadruplicate of all votes cast at the meeting. A record, a least in quadruplicate, of the proceedings of each meeting of Holders of Securities shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 13.02 and, if applicable, Section 13.04. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to each of the Company and SERI, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 13.07. Action Without Meeting.

In lieu of a vote of Holders of Securities at a meeting as hereinbefore contemplated in this Article, any request, demand, authorization, direction, notice, consent, waiver or other action may be made, given or taken by Holders of Securities by written instruments as provided in Section 1.04.

ARTICLE FOURTEEN

Liability of the Company Solely Corporate; No Liability of SERI

Section 14.01. Liability of the Company Solely Corporate

No recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under this Indenture, against any incorporator, stockholder, officer, or director, as such, past, present or future of the Company or of any predecessor or seccessor corportion (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penatly or otherwise; it being

expressly agreed and understood that this Indenture and all the Securities are solely corporate obligations of the Company, and that no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, past, present, or future, of the Company or of any predecessor or successor corporation, either directly or indirectly through the Company or any predecessor or successor corporation, because of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agrements contained in this Indenture or in any of the Securities or to be implied herefrom or therefrom, and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of this Indenture and the issuance of the Securities.

Section 14.02. No Liability of SERI.

In no event shall any provision of this Indenture or the Securities constitute a guaranty or assumption by SERI of the Securities or the indebtedness represented thereby (it being understood that, in accordance with Section 3.9 of each Lease Indenture or Section 7(b)(4)(H) of the Participation Agreement, SERI may assume, or be deemed to have assumed, the Pledged Lessor Notes).

_____

This instrument may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

In Witness Whereof, the parties have caused this Indenture to be duly executed as of the day and year first above written.

GG1B Funding Corporation

By: _____
Title: Vice President

System Energy Resources, Inc.

By: _____

Title: Vice President and Treasurer

Bankers Trust Company, not in its individual capacity but solely as Trustee

By: _____
Title: Vice President

State of New York)
) ss.:
County of New York)

Personally appeared before me, the undersigned authority in and for the said county and state, on this __th day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of GG1B Funding Corporation, a Delaware corporation, and that for and on behalf of the said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

State of Mississippi)
) ss.:
County of Hinds)

Personally appeared before me, the undersigned authority in and for the said county and state, on this __th day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President and the Treasurer of System Energy Resources, Inc., an Arkansas corporation, and that for and on behalf of the said corporation, and as its act and deed,he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

State of New York)
) ss.:
County of New York)

Personally appeared before me, the undersigned authority in and for the said county and state, on this __th day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of Bankers Trust Company, a New York banking corporation, and that for and on behalf of the said corporation, and as its act and deed,he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

State of New York)
) ss.:
County of New York)

Personally appeared before me, the undersigned authority in and for the said county and state, on this __th day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of Bankers Trust Company, a New York banking corporation, Trustee under the above and foregoing instrument, and that for and on behalf of the said corporation, and as its act and deed in said capacity as Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT A

IDENTIFICATION OF CERTAIN DOCUMENTS
AND PARTIES THERETO

PART I

Lease _ Facility Lease No. 1, dated as of December 1, 1988, as amended and supplemented, between SERI and the Owner Trustee, as Lessor (a "Lessor").

Lease Indenture _ Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 1, dated as

of December 1, 1988, as amended and supplemented ("Lease Indenture No. 1"), between the Owner Trustee and Bankers Trust Company and Stanley Burg, as trustees (together, a "Lease Indenture Trustee").

Owner Trustee _ Meridian Trust Company and Stephen J. Kaba (successor to Stephen M. Carta) as trustees under Trust Agreement No. 1, dated as of December 1, 1988, with Resources Capital Management Corporation (an "Owner Participant") as successor in interest to Public Service Resources Corporation.

Participation Agreement _ Participation Agreement No. 1, dated as of December 1, 1988, among the Owner Participant, the Original Loan Participants named in Schedule 1-B thereto, Meridian Trust Company and Stephen J. Kaba (successor to Stephen M. Carta), individually and as Owner Trustee, Bankers Trust Company and Stanley Burg, individually and as Indenture Trustee, and SERI.

PART II

Lease _ Facility Lease No. 2, dated as of December 1, 1988, as amended and supplemented, between SERI and the Owner Trustee, as Lessor (a "Lessor").

Lease Indenture _ Trust Indenture, Deed of Trust. Mortgage, Security Agreement and Assignment of Facility Lease No. 2, dated as of December 1, 1988, as amended and supplemented ("Lease Indenture No. 2"), between the Owner Trustee and Bankers Trust Company and Stanley Burg, as trustees (together, a "Lease Indenture Trustee").

Owner Trustee _ Meridian Trust Company and Stephen J. Kaba (successor to Stephen M. Carta) as trustees under Trust Agreement No. 2, dated as of December 1, 1988, with Textron Financial Corporation (an "Owner Participant") as successor in interest to Lease Management Realty Corporation IV.

Participation Agreement _ Participation Agreement No. 2, dated as of December 1, 1988, among the Owner Participant, the Original Loan Participants named in Schedule l-B thereto, Meridian Trust Company and Stephen J. Kaba (successor to Stephen M. Carta), individually and as Owner Trustee, Bankers Trust Company and Stanley Burg, individually and as Indenture Trustee, and SERI.

Exhibit A-3(d)

SUPPLEMENTAL INDENTURE NO. 1

dated as of January 1, 1994

to

COLLATERAL TRUST INDENTURE

dated as of January 1, 1994

among

GG1B FUNDING CORPORATION,

SYSTEM ENERGY RESOURCES, INC.

and

BANKERS TRUST COMPANY,
not in its individual capacity
but solely as Trustee

SUPPLEMENTAL INDENTURE NO. 1, dated as of January 1, 1994, among GG1B Funding Corporation, a Delaware

corporation (the "Company"), SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation ("SERI"), and BANKERS TRUST COMPANY, a New York banking corporation, not in its individual capacity but solely as trustee (the "Trustee"),

W I T N E S S E T H :

WHEREAS, the Company and SERI have heretofore executed and delivered to the Trustee a Collateral Trust Indenture, dated as of January 1, 1994 (the "Original Indenture"), to provide for the issue from time to time of the Company's debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities"); and

WHEREAS, Sections 2.03 and 11.01 of the Original Indenture provide, among other things, that the Company, SERI and the Trustee may enter into indentures supplemental to the Original Indenture for, among other things, the purpose of establishing the form and terms of Securities of any series as permitted by said Sections 2.03 and 11.01; and

WHEREAS, the Company and SERI (a) desire the issuance by the Company of two series of Securities to be designated as hereinafter provided and (b) have requested the Trustee to enter into this Supplemental Indenture No. 1 for the purpose of establishing the form and terms of the Securities of such series (said Original Indenture, as supplemented by this Supplemental Indenture No. 1, being hereinafter called the "Indenture"); and

WHEREAS, all action on the part of the Company and SERI necessary to authorize the execution and delivery of this Supplemental Indenture No. 1 and the issuance of the aforesaid Securities has been duly taken; and

WHEREAS, all acts and things necessary to make the Securities of the series herein created and established, when executed by the Company and authenticated and delivered by the Trustee as provided in the Original Indenture, the valid, binding and legal obligations of the Company, and to constitute these presents a valid and binding supplemental indenture and agreement according to its terms, have been done and performed, and the execution of this Supplemental Indenture No. 1 and the creation and issuance under the Indenture of such Securities have in all respects been duly authorized;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE NO. 1 WITNESSETH:

That in order to establish the form and terms of and to authorize the authentication and delivery of the Securities of

the series herein created and established, and in consideration of the acceptance of such Securities by the holders thereof and of the sum of one dollar duly paid to the Company by the Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Company and SERI each covenant and agree with the Trustee, for the equal and proportionate benefit of the respective holders from time to time of the Securities, as follows:

ARTICLE ONE

THE BONDS

SECTION 1.01. Terms of the Bonds.

There are hereby created and established two separate series of Securities designated, respectively, "Secured Lease Obligation Bonds, ____% Series due ____" (hereinafter sometimes called the "Series _____ Bonds") and "Secured Lease Obligation Bonds, ____% Series due ____" (hereinafter sometimes called the "Series ____ Bonds"). The Series _____ Bonds and the Series ____ Bonds are hereinafter sometimes referred to, collectively, as the "Bonds". The Bonds of each series shall be issued in the aggregate principal amounts, shall bear interest at the rates per annum and shall have the Stated Maturities of principal set forth below:

	Original Principal Amount	Interest Rate	Final Maturity
Series ____ Bonds	$		
Series ____ Bonds	$		

The Series ____ Bonds and the Series ____ Bonds shall be substantially in the form of Exhibit A hereto. The interest on the Bonds of each series of Bonds shall be due and payable as and from the most recent interest payment date to which interest has been paid or duly provided for or, with respect to any Bond issued prior to the first interest payment date, the date of original issuance thereof, semiannually on January 15 and July 15 in each year (commencing July 15, 1994), until the principal amount of the Bonds of such series is paid in full or duly provided for. The interest so payable shall be paid to the person in whose name a Bond is registered at the close of business on the Regular Record Date for such interest, which, for each applicable interest payment date, shall be the January 1 (in respect of a January 15 interest payment date) or July 1 (in

respect of a July 15 interest payment date), as the case may be (whether or not a Business Day), next preceding such interest payment date.

SECTION 1.02. Installment Payments of Principal.

(a) Installment Payments. On each Installment Payment Date set forth below, the Company shall pay an installment of principal of each Bond of each series equal in amount to the Installment Payment Percentage set forth below for such Installment Payment Date multiplied by the Original Principal Amount (as hereinafter defined) of such Bond. "Original Principal Amount", when used with respect to the Bonds of either series, means the principal amount identified as such on the face of such Bond.

Installment Payment Date	Installment Payment Percentage Series ____ Bonds
July 15,	
January 15,	
July 15,	
January 15,	
July 15,	
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January 15,	
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July 15,
January 15,

(b) Certain Adjustments to Installment Payments. (i) The principal amount of Bonds of either series to be paid in installments on the Installment Payment Dates for such series may be adjusted (an "Installment Payment Adjustment") at the discretion of the Company, such adjustment to be correlative, as to amounts and dates, to any adjustment to the principal amortization schedule of the Pledged Lessor Notes of the corresponding series issued under any Lease Indenture pursuant to Section 2(b) of Supplemental Indenture No. 2 to such Lease Indenture; provided, however, that (A) no Installment Payment Adjustment shall be made by the Company which will increase or decrease the average life of the Bonds of any series (calculated in accordance with generally accepted financial practice) from the date of initial issuance by more than 6 months and (B) the Company shall elect to make such adjustment upon (and only upon) the direction of the Owner Trustee in accordance with Section 2(e) of the Participation Agreement. If the Company shall elect to make the foregoing adjustment, the Company shall deliver to the Trustee and SERI at least 30 days prior to the first Installment Payment Date proposed to be affected by such adjustment, a Company Request (A) stating that the Company has elected to make an Installment Payment Adjustment as contemplated in this Section, (B) setting forth a revised Installment Payment Percentage Schedule applicable to the Bonds of each series as to which an Installment Payment Adjustment is to be made, (C) attaching a copy of the revised principal schedule or schedules for the Pledged Lessor Notes of the corresponding series, and (D) attaching calculations showing that (x) the average life of the Bonds of the affected series will not be reduced or increased except as permitted by this subsection (b), (y) the aggregate principal amount of the Pledged Lessor Notes identified on Schedule 1 hereto equals the aggregate principal amount of the Bonds and (z) the principal amortization schedules of such Pledged Lessor Notes are such as to provide funds sufficient to repay in full, as and when due, the principal of the Bonds as and when scheduled to become due, whether upon payment of applicable Installment Payment Amounts on Installment Payment Dates or at Stated Maturity. The Trustee may conclusively rely on such Company Request and shall have no duty with respect to the calculations referred to in the foregoing clause (D), other than to make them available for inspection by any Holder of Bonds at the Corporate Trust Office upon reasonable notice. The Trustee shall, at the expense of SERI, send to each Holder of Bonds of the series in respect of which an Installment Payment Adjustment has been made at least 20 days before the first

Installment Payment Date to be affected thereby, by first class mail, a copy of a schedule of principal amounts of Bonds to be repaid upon payment of applicable Installment Payment Amounts on Installment Payment Dates after giving effect to such Installment Payment Adjustment.

(ii) In the event that there shall have been any partial redemption of the Bonds of either series (other than pursuant to principal installment payments), each Installment Payment Amount for each Bond of a series subsequent to such redemption shall be reduced by (i) in the case of a partial redemption pursuant to Section 1.05 hereof, an amount equal to the amount obtained by multiplying such Installment Payment Amount as in effect prior to such redemption by a fraction of which the numerator shall be the aggregate principal amount of Bonds of such series redeemed pursuant to such partial redemption, and the denominator shall be the aggregate unpaid principal amount of Bonds of such series Outstanding immediately prior to such redemption and (ii) in the case of a partial redemption pursuant to Section 1.03 hereof, an amount such that the aggregate of all principal installment payments to be made on the Bonds of such series on the relevant Installment Payment Date shall be equal to the amount of principal of the Pledged Lessor Notes to be paid on such date under the remaining Lease Indenture, any such reduction to be made on a prorata basis, as nearly as practicable, among the Holders of the Bonds of such series.

SECTION 1.03. Redemption upon Lease Termination.

If any Lease is to be terminated pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the related Participation Agreement, and all Lessor Notes issued under the related Lease Indenture are to be prepaid, Bonds, equal in principal amount to the Pledged Lessor Notes issued under such Lease Indenture shall be redeemed, on the date on which such Lessor Notes are to be prepaid, at a Redemption Price equal to the unpaid principal amount thereof plus accrued interest to the Redemption Date, all subject, however, except in the case of a termination pursuant to Section 14 of such Lease, to the right of SERI to assume such Lessor Notes in which event there shall be no redemption of Bonds as a consequence of such termination.

SECTION 1.04. Sinking Fund Redemption.

There shall be no Sinking Fund for the retirement of the Bonds of either series.

SECTION 1.05. Other Redemption.

Except as provided in Sections 1.02, 1.03 or 1.04, the Bonds shall not be subject to prepayment or redemption prior to _____. On and after _____, the Bonds of each series shall be subject to redemption, at the option of the Company, in whole at any time or in part from time to time, at the Redemption Prices (expressed as a percentage of the unpaid principal amount) set forth below with respect to each series plus accrued interest to the Redemption Date:

SERIES _____ BONDS

If Redeemed in the 12 Month Period Beginning January 15	Redemption Price

and thereafter at 100% of the unpaid principal amount thereof.

SERIES ____ BONDS

If Redeemed in the 12 Month Period Beginning January 15	Redemption Price

and thereafter at 100% of the unpaid principal amount thereof.

Section 1.06. Selection by Trustee of Bonds to be Redeemed.

Subject to the provisions of subsection (a) and (b) of Section 6.03 of the Original Indenture, if fewer than all of the Bonds of either series are to be redeemed, the particular Bonds of such series to be redeemed shall be selected not more than 45 days prior to the Redemption Date by the Trustee by prorating, as nearly as practicable, the principal amount of such Bonds to be redeemed among the Holders of such Bonds.

ARTICLE TWO

PLEDGE OF LESSOR NOTES

Section 2.01. Pledge of Lessor Notes.

To secure the payment of the principal of and premium, if any, and interest on all the Securities from time to time Outstanding under the Indenture, and the performance of the covenants therein and herein contained, the Company by these presents does grant, bargain, sell, release, convey, assign, transfer, mortgage, hypothecate, pledge, confirm to the Trustee and create a security interest in favor of the Trustee, for the benefit of the Holders, in the Lessor Notes identified on Schedule 1 hereto (herein referred to as the "Pledged Lessor Notes"), to be held by the Trustee, in trust, for the uses and purposes, and subject to the covenants and conditions, set forth in the Original Indenture.

ARTICLE THREE

MISCELLANEOUS

SECTION 3.01. Execution as Supplemental Indenture.

This Supplemental Indenture No. 1 is executed and shall be construed as an indenture supplemental to the Original Indenture and, as provided in the Original Indenture, this Supplemental Indenture No. 1 forms a part thereof.

SECTION 3.02. Definitions.

Capitalized terms used which are not defined herein shall have the meanings ascribed thereto in the Original Indenture.

SECTION 3.03. Counterpart Execution.

This Supplemental Indenture No. 1 may be executed in any number of counterparts and by each of the parties hereto or thereto on separate counterparts, all such counterparts together constituting but one and the same instrument.

IN WITNESS WHEREOF, the Company, SERI and the Trustee have caused this Supplemental Indenture No. 1 to be duly executed as of the day and year first above written.

GG1B FUNDING CORPORATION

By _____
Title: Vice President

SYSTEM ENERGY RESOURCES, INC.

By _____
Title: _____

BANKERS TRUST COMPANY, not in its individual capacity but solely as Trustee

By_____
Title: Vice President

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of GG1B Funding Corporation, a Delaware corporation, and that for and on behalf of the said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

STATE OF MISSISSIPPI)
)ss.:
COUNTY OF HINDS)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a _____ _____ of SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation, and that for and on behalf of the said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of BANKERS TRUST COMPANY, a New York banking corporation, and that for and on behalf of the said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

STATE OF NEW YORK)
)ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said county and state, on this ____ day of _____, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of BANKERS TRUST COMPANY, a New York banking corporation, Trustee under the above and foregoing instrument, and that for and on behalf of the said corporation, and as its act and deed in said capacity as Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

SCHEDULE 1

PLEDGED LESSOR NOTES

Lessor Notes Issued Under Lease Indenture No. 1

Series	Number	Principal Amount	Interest Rate	Maturity

Lessor Notes Issued Under Lease Indenture No. 2

Series	Number	Principal Amount	Interest Rate	Maturity

EXHIBIT A

FORM OF BOND

[FRONT]

NUMBER
R-

_____

SECURED LEASE OBLIGATION BOND,
% SERIES DUE

INTEREST RATE	MATURITY DATE	CUSIP
%		

REGISTERED HOLDER:

ORIGINAL PRINCIPAL AMOUNT:DOLLARS

GG1B Funding Corporation, a Delaware corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to the Registered Holder named above, or registered assigns, the unpaid portion of the Original Principal Amount (stated above) in installments on each Installment Payment Date as set forth on the reverse hereof with the final installment due and payable on the Maturity Date (stated above) and to pay interest (computed on the basis of a 360-day year consisting of twelve 30-day months) on the principal amount remaining unpaid from time to time from the most recent interest payment date to which interest has been paid or duly provided for or, if this Bond is dated prior to July 15, 1994, the date of the original issuance of Bonds of this series, semiannually on January 15 and July 15 in each year, commencing July 15, 1994, at the Interest Rate (stated above) per annum, until the principal hereof is paid in full or made available for payment. The interest or Installment Payment Amount so payable shall, as provided in such Indenture, be paid to the person in whose name this Bond (or one or more Predecessor Securities, as defined in such Indenture) is registered at the close of business on the Regular Record Date (all capitalized terms used herein and not defined herein shall have the meanings ascribed to them in

the Indenture referred to on the reverse hereof) for such interest or installment of principal, which shall be the January 1 (with respect to a January 15 interest payment date) or July 1 (with respect to a July 15 interest payment date), as the case may be (whether or not a Business Day), next preceding such interest payment date or Installment Payment Date. Any such interest or Installment Payment Amount not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Holder on such Regular Record Date, and may be paid to the person in whose name this Bond (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest or defaulted installment to be fixed by the Trustee (as defined on the reverse hereof), notice of which shall be given to the Holders of the Bonds not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed, and upon such notice as may be required by such exchange, all as more fully provided in such Indenture. Payment of the principal of, and premium, if any, and interest on this Bond shall be made upon presentation and surrender hereof at the Corporate Trust Office of the Trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of debts, except that payment of interest and Installment Payment Amounts (other than that payable on the Stated Maturity hereof) shall be made, without presentation or surrender hereof, by check mailed to the address of the Holder entitled thereto as such address shall appear in the Security Register.

As provided in the Indenture, in any case where any Redemption Date, Installment Payment Date or the Stated Maturity of principal of or any installment of interest on any bond, or any date on which any defaulted interest or principal is proposed to be paid, shall not be a Business Day, then (notwithstanding any other provision of the Indenture or this Bond) payment of interest and/or principal and premium, if any, shall be due and payable on the next succeeding Business Day with the same force and effect as if made on or at such nominal Redemption Date, Stated Maturity, Installment Payment Date or date on which the defaulted interest or principal is proposed to be paid and no interest shall accrue on the amount so payable for the period from and after such Redemption Date, Stated Maturity, Installment Payment Date or date for the payment of defaulted interest or principal, as the case may be.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Bond shall not be entitled to any benefit under such Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Bond to be duly executed under its corporate seal.

Dated:

GG1B FUNDING CORPORATION

By _____
Vice President

Attest_____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities
of the series designated therein
referred to in the within-mentioned
Indenture

_____, as Trustee

By_____
Authorized Officer

Dated _____

[BACK]

GG1B FUNDING CORPORATION

SECURED LEASE OBLIGATION BOND,
_____% SERIES DUE _____

This Bond is one of an authorized issue of Securities of the Company known as its "Secured Lease Obligation Bonds,

% Series due _____" (the "Bonds"). The Bonds are issued under and secured by a Collateral Trust Indenture, dated as of January 1, 1994 (the "Original Indenture"), among the Company, System Energy Resources, Inc., an Arkansas corporation ("System Energy"), and Bankers Trust Company, not in its individual capacity but solely as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), as supplemented by Supplemental Indenture No. 1, dated as of January 1, 1994, among such parties (together, and as thereafter amended in accordance with its terms, the "Indenture"). The Indenture permits the issuance of additional series of Securities for the purposes and as provided therein. All Bonds are secured equally and ratably with one another and with any other Securities of the Company issued under the Indenture, as amended or supplemented. Reference is hereby made to the Indenture and any supplements or amendments thereto for a description of the nature and extent of the Securities issued thereunder, the property assigned, pledged and transferred thereunder and the respective rights of the Holders of the Bonds and of the Trustee and the Company in respect of such security and the terms upon which the Bonds are and are to be authenticated and delivered. The Holder of this Bond, by its acceptance hereof, is deemed to have consented and agreed to all the terms and provisions of the Indenture.

The unpaid principal of and premium, if any, and interest on this Bond are payable from and secured by the assets subject to the lien of the Indenture and the income and proceeds received by the Trustee therefrom and all payments of principal, premium, if any, and interest shall be made in accordance with the terms of the Indenture.

The Indenture provides that certain promissory notes ("Pledged Lessor Notes") are subject to the lien of the Indenture and that additional Pledged Lessor Notes, as and when issued, can be made subject to the lien of the Indenture pursuant to Indenture supplements. The Pledged Lessor Notes subject to the lien of the Indenture on the date of the initial issuance of Bonds were issued by Meridian Trust Company, as owner trustee under each of Trust Agreement No. 1 and Trust Agreement No. 2 (each, a "Trust Agreement" and, together, the "Trust Agreements"), each such Trust Agreement with the institutional investor party thereto (each such institutional investor, an "Owner Participant"). Such Pledged Lessor Notes were issued under either Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 1 or Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 2, each such indenture between an owner trustee, as owner trustee and lessor (a "Lessor") and Bankers Trust Company and Stanley Burg, not in their individual capacities but solely as Corporate Indenture Trustee and

Individual Indenture Trustee, respectively, (each of such indentures, as it was executed and delivered and as thereafter amended in accordance with its terms, being herein called a "Lease Indenture" and each trustee thereunder being herein called a "Lease Indenture Trustee"). Reference is made to each Lease Indenture for a description of the nature and extent of property assigned, pledged, transferred and mortgaged thereunder and the rights of the holders of Pledged Lessor Notes. Except as expressly provided in a Lease Indenture, all payments of principal, premium, if any, and interest to be made on a Pledged Lessor Note issued under such Lease Indenture will be made only from the assets subject to the lien of such Lease Indenture or the income and proceeds received by the Lease Indenture Trustee therefrom, including, in the case of each Lease Indenture, the rights of the Lessor which is a party thereto to receive basic rentals and certain other payments under a Facility Lease with System Energy relating to an undivided interest in certain assets constituting part of the Grand Gulf Nuclear Station Unit No. 1 (each of such Facility Leases, as it was executed and delivered and as thereafter amended in accordance with its terms being herein called a "Lease"), which basic rentals and other payments will be at least sufficient to provide for the scheduled payments of the principal of and interest on each Pledged Lessor Note issued under such Lease Indenture. Each Holder of this Bond, by its acceptance hereof, is deemed to have agreed (x) that it will look solely to the assets subject to the lien of the Indenture or the income or proceeds received by the Trustee therefrom, to the extent available for distribution to the Holder hereof as provided in the Indenture, and (y) that none of any Owner Participant, any Lessor, any Lease Indenture Trustee or the Trustee is liable to the Holder hereof or, in the case of any Owner Participant, Lessor or Lease Indenture Trustee, to the Trustee, for any amounts payable on this Bond, or, except as provided in the Indenture with respect to the Trustee, for any liability under the Indenture.

With certain exceptions as therein provided, the supplementation of the Indenture for the purpose of adding any provisions thereto, or changing in any manner or eliminating any of the provisions thereof, will require the consent of the Holders of not less than a majority in aggregate unpaid principal amount of all Securities of all series at the time Outstanding under the Indenture considered as one class; provided, however, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate unpaid principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required. The Indenture also contains provisions permitting the

Holders of not less than a majority in unpaid principal amount of the Securities at the time Outstanding, on behalf of the Holders of all of the Securities, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond shall be conclusive and binding upon such Holder and upon all future Holders of this Bond and of any Bond issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Bond.

On each Installment Payment Date set forth below, the Company shall pay an installment of principal of this Bond equal (subject to adjustment as hereinafter described) in amount to the Installment Payment Percentage set forth below for such Installment Payment Date multiplied by the Original Principal Amount stated on the face of this Bond.

Installment Payment Date	Installment Payment Percentage	Outstanding Balance Factor
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		
July 15,		
January 15,		

Installment Payment Date	Installment Payment Percentage	Outstanding Balance Factor
July 15,		
January 15,		
July 15,		
January 15,		

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July 15,

The "Outstanding Balance Factor" as used in the foregoing table is for descriptive purposes only, and, unless there has been a partial redemption or a default or another installment payment adjustment, when multiplied by the Original Principal Amount of this Bond, represents the remaining unpaid principal amount of this Bond as of the Installment Payment Date indicated after payment of the principal installment on such date.

As provided in the Indenture, the amount of installment payments of principal for the Bonds may be adjusted, subject to certain restrictions, at the discretion of the Company in connection with certain recalculations of basic rent pursuant to either of the Leases; provided, however, that no installment payment adjustment shall be made by the Company which will increase or decrease the average life of the Bonds of any series (calculated in accordance with generally accepted financial practice) from the date of initial issuance by more than 6 months.

In the event of any partial redemption of Bonds (other than pursuant to the aforementioned principal installment payments) the amount of each installment payment of principal to be paid thereafter pursuant to the installment payment schedule

indicated above shall be adjusted in accordance with the Indenture.

Notwithstanding anything to the contrary set forth herein or in the Indenture, the unpaid principal amount hereof recorded on the Security Register maintained by the Security Registrar shall be controlling as to the remaining unpaid principal amount hereof.

If any Lease is to be terminated pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the related Participation Agreement, and all Lessor Notes issued under the related Lease Indenture are to be prepaid, Bonds, equal in principal amount to the Pledged Lessor Notes issued under such Lease Indenture, shall be redeemed, on the date on which such Lessor Notes are to be prepaid, at a redemption price equal to the unpaid principal amount thereof plus accrued interest to the Redemption Date, all subject, however, except in the case of a termination pursuant to Section 14 of such Lease, to the right of System Energy to assume such Lessor Notes in which event there shall be no redemption of Bonds as a consequence of such termination.

Except as described above, the Bonds shall not be subject to prepayment or redemption prior to _____. On and after _____, the Bonds shall be subject to redemption, at the option of the Company, in whole at any time or in part from time to time, at the Redemption Prices (expressed as a percentage of the unpaid principal amount) set forth below plus accrued interest to the redemption date:

If Redeemed in the Twelve Month Period Beginning January 15	Redemption Price

and thereafter at 100% of the unpaid principal amount thereof.

In the event that any of the Bonds are called for redemption, notice shall be given to the Holders in accordance with Section 6.04 of the Original Indenture not less than 20 nor more than 60 days prior to the redemption date.

With respect to any notice of redemption of Bonds (and not with respect to installment payments of principal payable on Installment Payment Dates) unless, upon the giving of such

notice, such Bonds shall be deemed to have been paid in accordance with the provisions of the Indenture, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest on such Bonds and that if such money shall not have been so received such notice shall be of no force or effect and the Company shall not be required to redeem such Securities. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made.

Bonds (or portions thereof as aforesaid) for which redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If an Event of Default shall occur, the unpaid principal of this Bond may become or be declared due and payable in the manner and with the effect provided in the Indenture.

This Bond is transferable by the Holder hereof in person or by attorney authorized in writing, at the Corporate Trust Office of the Security Registrar (or if such office is not in the Borough of Manhattan, The City of New York, at either such office or an office to be maintained in such Borough). Upon surrender for registration of transfer of this Bond, the Company shall execute, and the Trustee (or any Authenticating Agent) shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same series, of authorized denominations and of like tenor and aggregate principal amount.

The Bonds are issuable only as registered Bonds without coupons in denominations of $1,000 and/or any integral multiple thereof. As provided in and subject to the provisions of the Indenture, Bonds may be exchanged for other Bonds of the same series, of authorized denominations, and of like tenor and aggregate principal amount, upon surrender at any office maintained for such purpose pursuant to the Indenture.

No service charge will be made to any Holder of Bonds for any such transfer or exchange but the Security Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The person in whose name this Bond is registered shall be deemed to be the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whether or not this Bond be overdue, regardless of any notice to anyone to

the contrary.

As provided in the Indenture, the Indenture and the Bonds shall be construed in accordance with and governed by the laws of the State of New York.

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY LEASE AS SUPPLEMENTED BY THIS LEASE SUPPLEMENT NO. 2 HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE INDENTURE TRUSTEE UNDER TRUST INDENTURE, DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF FACILITY LEASE NO. 1, DATED AS OF DECEMBER 1, 1988, AS SUPPLEMENTED. THIS LEASE SUPPLEMENT NO. 2 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. SEE SECTION 3(c) OF THIS LEASE SUPPLEMENT NO. 2 FOR INFORMATION CONCERNING THE RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS NOT THE ORIGINAL COUNTERPART.

LEASE SUPPLEMENT NO. 2

dated as of January 1, 1994

to

FACILITY LEASE NO. 1

dated as of December 1, 1988,

as supplemented,

between

MERIDIAN TRUST COMPANY
and STEPHEN J. KABA
not in their individual capacities,
but solely as Owner Trustee under
Trust Agreement No. 1
dated as of December 1, 1988,
with Resources Capital Management Corporation,
as successor in interest to
Public Service Resources Corporation,

Lessor

and

SYSTEM ENERGY RESOURCES, INC.,

Lessee

Original Facility Lease Recorded on December 28,
1988 at Deed Book Volume 12V,
Page 408 Claiborne County,

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY LEASE AS SUPPLEMENTED BY THIS LEASE SUPPLEMENT NO. 2 HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE INDENTURE TRUSTEE UNDER TRUST INDENTURE, DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF FACILITY LEASE NO. 1, DATED AS OF DECEMBER 1, 1988, AS SUPPLEMENTED. THIS LEASE SUPPLEMENT NO. 2 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. SEE SECTION 3(c) OF THIS LEASE SUPPLEMENT NO. 2 FOR INFORMATION CONCERNING THE RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS THE ORIGINAL COUNTERPART. RECEIPT OF THIS ORIGINAL COUNTERPART IS HEREBY ACKNOWLEDGED BY BANKERS TRUST COMPANY, AS CORPORATE INDENTURE TRUSTEE.

By:_____
Authorized Officer

LEASE SUPPLEMENT NO. 2
dated as of January 1, 1994

to

FACILITY LEASE NO. 1
dated as of December 1, 1988,

as supplemented,

between

MERIDIAN TRUST COMPANY
and STEPHEN J. KABA
not in their individual capacities, but solely as
Owner Trustee under Trust Agreement No. 1,
dated as of December 1, 1988,
with Resources Capital Management Corporation,
as successor in interest to
Public Service Resources Corporation,
Lessor

and

SYSTEM ENERGY RESOURCES, INC.,
Lessee

Original Facility Lease Recorded on December 28, 1988 at Deed Book Volume 12V, Page 408; Claiborne County, Mississippi, Chancery Clerk's Office

LEASE SUPPLEMENT NO. 2, dated as of January 1, 1994 ("Lease Supplement No. 2"), to FACILITY LEASE NO. 1, dated as of December 1, 1988, as supplemented (the "Facility Lease"), between MERIDIAN TRUST COMPANY, a Pennsylvania trust company, not in its individual capacity, but solely as Corporate Owner Trustee and STEPHEN J. KABA not in his individual capacity, but solely as successor Individual Owner Trustee (together, the "Lessor"), under the Trust Agreement (such term, and all other capitalized terms used herein without definition, being defined as provided in Section 1 below), and SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation (the "Lessee"),

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have heretofore entered into the Facility Lease providing for the lease by the Lessor to the Lessee of the Undivided Interest; and

WHEREAS, the Lessee, the Lessor, the Owner Participant, the Funding Corporation and the Indenture Trustee have entered into Refunding Agreement No. 1-A, dated as of January 1, 1994, providing for the issuance by the Owner Trustee of a new series of Fixed Rate Notes (the "Refunding Notes") to refund the Outstanding Notes; and

WHEREAS, the Owner Trustee and the Indenture Trustee have entered into Supplemental Indenture No. 2, dated as of January 1, 1994, to the Indenture creating the Refunding Notes for such purpose and establishing the terms, conditions and designations thereof; and

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the Value Schedules in order to preserve the Net Economic Return in the event, among other things, of the issuance of the Refunding Notes;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and

not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease. Appendix A to the Lease is hereby amended such that Funding Corporation, as defined therein shall mean GG1B Funding Corporation.

SECTION 2. Amendments; Schedules.

(a) Section 3(h) of the Lease is hereby amended by deleting such section in its entirety and substituting therefore the following: "(h) Intentionally omitted."

(b) As of the date first written above and until and unless further amended, Schedules 1 through 5 of the Facility Lease are hereby amended as follows:

(i) Schedule 1 to the Facility Lease entitled "Basic Rent Percentages" is deleted in its entirety and is hereby replaced with Schedule 1 hereto.

(ii) Schedule 2 to the Facility Lease entitled "Schedule of Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 2 hereto.

(iii) Schedule 3 to the Facility Lease entitled "Schedule of Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 3 hereto.

(iv) Schedule 4 to the Facility Lease entitled "Schedule of Net Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 4 hereto.

(v) Schedule 5 to the Facility Lease entitled "Schedule of Net Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 5 hereto.

(c) Schedule PS to the Facility Lease is attached hereto.

(d) Section 3(i) of the Facility Lease is amended by inserting the following paragraph after Section 3(i)(D):

> Nothing in this Section 3(i) is intended to or shall create any right or entitlement of the Lessee or any Person other than the Owner Participant, contingent or otherwise, in or to the proceeds of a drawing of the Equity Portion of Rent under the Letter of Credit.

SECTION 3. Miscellaneous.

(a) Counterpart Execution. This Lease Supplement No. 2 may be executed in any number of counterparts and by each of the parties hereto or thereto on separate counterparts, all such counterparts together constituting but one and the same instrument.

(b) Execution as Lease Supplement. This Lease Supplement No. 2 is executed and shall be construed as a supplement and amendment to the Facility Lease and shall form a part thereof. On and from the delivery of this Lease Supplement No. 2, any reference in any Transaction Document to the Facility Lease shall be deemed to refer to the Facility Lease as supplemented and amended by this Lease Supplement No. 2.

(c) Original Counterpart. The single executed original of this Lease Supplement No. 2 marked "THIS COUNTERPART IS THE ORIGINAL COUNTERPART" and containing the receipt of the Indenture Trustee thereon shall be the "Original" of this Lease Supplement No. 2. To the extent that the Facility Lease, as supplemented by this Lease Supplement No. 2, constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in the Facility Lease, as so supplemented, may be created or continued through the transfer or possession of any counterparts of the Facility Lease and supplements thereto other than the "Originals" of any thereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Lease Supplement No. 2 to be duly executed by an officer thereunto duly authorized, as of the date set forth above.

ATTEST:

MERIDIAN TRUST COMPANY,
not in its individual
capacity but solely as
Corporate Owner Trustee

_____

By:_____
Name: Stephen J. Kaba
Title: Vice President

_____
Stephen J. Kaba, not in
his individual capacity
but solely as successor
Individual Owner Trustee

ATTEST: SYSTEM ENERGY RESOURCES, INC.

_____ By:_____
Name:
Title:

STATE OF NEW YORK)
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named STEPHEN J. KABA, who acknowledged that he is a Vice President of MERIDIAN TRUST COMPANY, a Pennsylvania trust company, Corporate Owner Trustee under that certain Trust Agreement No. 1, dated as of December 1, 1988 among Public Service Resources Corporation, as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA, as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that for and on behalf of the said trust company, and as its act and deed in said capacity as Corporate Owner Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument after first having been duly authorized by said trust company so to do.

_____
Notary Public

My Commission Expires:

_____

STATE OF NEW YORK)
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named STEPHEN J. KABA, who acknowledged that he is the successor Individual Owner Trustee under that certain Trust Agreement No.

1, dated as of December 1, 1988 among Public Service Resources Corporation, as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA, as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that in his capacity as Individual Owner Trustee he executed the above and foregoing instrument after first having been duly authorized to do so.

_____
Notary Public

My Commission Expires:

_____

STATE OF MISSISSIPPI)
) ss.:
COUNTY OF HINDS)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named _____ _____, who acknowledged that he is a _____ of SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation, and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

SCHEDULE 1
TO
LEASE SUPPLEMENT NO. 2

BASIC RENT PERCENTAGES

Basic Rent Payment Date	Advance/ Arrears	Percentage of Facility Cost	Basic Rent Payment Date	Advance/ Arrears	Percentage of Facility Cost

SCHEDULE 2
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF CASUALTY VALUES

If the event giving rise to an obligation to pay Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

ADDENDUM TO
SCHEDULE 2 OF LEASE

The foregoing Casualty Values are comprised of the following two components:

Date	Accrued Loss Value	Accrued Rent	Date	Accrued Loss Value	Accrued Rent

SCHEDULE 3
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF SPECIAL CASUALTY VALUES

If the event giving rise to an obligation to pay Special Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Special Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

ADDENDUM TO
SCHEDULE 3 OF LEASE

The foregoing Special Casualty Values are comprised of the following two components:

Date	Loss Value	Accrued Rent	Date	Loss Value	Accrued Rent

SCHEDULE 4
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF NET CASUALTY VALUES

If the event giving rise to an obligation to pay Net Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Net Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

The Net Casualty Value on _____, 19__ is _____%.

SCHEDULE 5
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF NET SPECIAL CASUALTY VALUES

If the event giving rise to an obligation to pay Net Special Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Net Special Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY LEASE AS SUPPLEMENTED BY THIS LEASE SUPPLEMENT NO. 2 HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE INDENTURE TRUSTEE UNDER TRUST INDENTURE, DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF FACILITY LEASE NO. 2, DATED AS OF DECEMBER 1, 1988, AS SUPPLEMENTED. THIS LEASE SUPPLEMENT NO. 2 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. SEE SECTION 3(c) OF THIS LEASE SUPPLEMENT NO. 2 FOR INFORMATION CONCERNING THE RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS NOT THE ORIGINAL COUNTERPART.

LEASE SUPPLEMENT NO. 2

dated as of January 1, 1994

to

FACILITY LEASE NO. 2

dated as of December 1, 1988,

as supplemented,

between

MERIDIAN TRUST COMPANY
and STEPHEN J. KABA
not in their individual capacities,
but solely as Owner Trustee under
Trust Agreement No. 2,
dated as of December 1, 1988,
with Textron Financial Corporation,
as successor in interest to
Lease Management Realty Corporation IV,

Lessor

and

SYSTEM ENERGY RESOURCES, INC.,

Lessee

Original Facility Lease Recorded on December 28,

1988 at Deed Book Volume 12Z, Page 126, Claiborne County, Mississippi, Chancery Clerk's Office

CERTAIN RIGHTS OF THE LESSOR UNDER THE FACILITY LEASE AS SUPPLEMENTED BY THIS LEASE SUPPLEMENT NO. 2 HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE INDENTURE TRUSTEE UNDER TRUST INDENTURE, DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF FACILITY LEASE NO. 2, DATED AS OF DECEMBER 1, 1988, AS SUPPLEMENTED. THIS LEASE SUPPLEMENT NO. 2 HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. SEE SECTION 3(c) OF THIS LEASE SUPPLEMENT NO. 2 FOR INFORMATION CONCERNING THE RIGHTS OF HOLDERS OF VARIOUS COUNTERPARTS HEREOF.

THIS COUNTERPART IS THE ORIGINAL COUNTERPART. RECEIPT OF THIS ORIGINAL COUNTERPART IS HEREBY ACKNOWLEDGED BY BANKERS TRUST COMPANY, AS CORPORATE INDENTURE TRUSTEE.

By:_____
Authorized Officer

LEASE SUPPLEMENT NO. 2
dated as of January 1, 1994

to

FACILITY LEASE NO. 2
dated as of December 1, 1988,

as supplemented,

between

MERIDIAN TRUST COMPANY
and STEPHEN J. KABA
not in their individual capacities, but solely as
Owner Trustee under Trust Agreement No. 2,
dated as of December 1, 1988,
with Textron Financial Corporation,
as successor in interest to
Lease Management Realty Corporation IV,
Lessor

and

SYSTEM ENERGY RESOURCES, INC.,
Lessee

Original Facility Lease Recorded on December 28, 1988 at Deed Book Volume 12Z, Page 126; Claiborne County, Mississippi, Chancery Clerk's Office

LEASE SUPPLEMENT NO. 2, dated as of January 1, 1994 ("Lease Supplement No. 2"), to FACILITY LEASE NO. 2, dated as of December 1, 1988, as supplemented (the "Facility Lease"), between MERIDIAN TRUST COMPANY, a Pennsylvania trust company, not in its individual capacity, but solely as Corporate Owner Trustee and STEPHEN J. KABA not in his individual capacity, but solely as successor Individual Owner Trustee (together, the "Lessor"), under the Trust Agreement (such term, and all other capitalized terms used herein without definition, being defined as provided in Section 1 below), and SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation (the "Lessee"),

W I T N E S S E T H:

WHEREAS, the Lessee and the Lessor have heretofore entered into the Facility Lease providing for the lease by the Lessor to the Lessee of the Undivided Interest; and

WHEREAS, the Lessee, the Lessor, the Owner Participant, the Funding Corporation and the Indenture Trustee have entered into Refunding Agreement No. 2-A, dated as of January 1, 1994, providing for the issuance by the Owner Trustee of a new series of Fixed Rate Notes (the "Refunding Notes") to refund the Outstanding Notes; and

WHEREAS, the Owner Trustee and the Indenture Trustee have entered into Supplemental Indenture No. 2, dated as of January 1, 1994, to the Indenture creating the Refunding Notes for such purpose and establishing the terms, conditions and designations thereof; and

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the Value Schedules in order to preserve the Net Economic Return in the event, among other things, of the issuance of the Refunding Notes;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals shall have the meanings assigned to such terms in Appendix A to the Facility Lease. Appendix A to the Lease is hereby amended such that Funding Corporation, as defined therein shall mean GG1B Funding Corporation.

SECTION 2. Amendments; Schedules.

(a) Section 3(h) of the Lease is hereby amended by deleting such section in its entirety and substituting therefore the following: "(h) Intentionally omitted."

(b) As of the date first written above and until and unless further amended, Schedules 1 through 5 of the Facility Lease are hereby amended as follows:

(i) Schedule 1 to the Facility Lease entitled "Basic Rent Percentages" is deleted in its entirety and is hereby replaced with Schedule 1 hereto.

(ii) Schedule 2 to the Facility Lease entitled "Schedule of Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 2 hereto.

(iii) Schedule 3 to the Facility Lease entitled "Schedule of Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 3 hereto.

(iv) Schedule 4 to the Facility Lease entitled "Schedule of Net Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 4 hereto.

(v) Schedule 5 to the Facility Lease entitled "Schedule of Net Special Casualty Values" is deleted in its entirety and is hereby replaced with Schedule 5 hereto.

(c) Schedule PS to the Facility Lease is attached hereto.

(d) Section 3(i) of the Facility Lease is amended by inserting the following paragraph after Section 3(i)(D):

> Nothing in this Section 3(i) is intended to or shall create any right or entitlement of the Lessee or any Person other than the Owner Participant, contingent or otherwise, in or to the proceeds of a drawing of the Equity Portion of Rent under the Letter of Credit.

SECTION 3. Miscellaneous.

(a) Counterpart Execution. This Lease Supplement No. 2 may be executed in any number of counterparts and by each of the parties hereto or thereto on separate counterparts, all such counterparts together constituting but one and the same instrument.

(b) Execution as Lease Supplement. This Lease Supplement No. 2 is executed and shall be construed as a supplement and amendment to the Facility Lease and shall form a part thereof. On and from the delivery of this Lease Supplement No. 2, any reference in any Transaction Document to the Facility Lease shall be deemed to refer to the Facility Lease as supplemented and amended by this Lease Supplement No. 2.

(c) Original Counterpart. The single executed original of this Lease Supplement No. 2 marked "THIS COUNTERPART IS THE ORIGINAL COUNTERPART" and containing the receipt of the Indenture Trustee thereon shall be the "Original" of this Lease Supplement No. 2. To the extent that the Facility Lease, as supplemented by this Lease Supplement No. 2, constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in the Facility Lease, as so supplemented, may be created or continued through the transfer or possession of any counterparts of the Facility Lease and supplements thereto other than the "Originals" of any thereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Lease Supplement No. 2 to be duly executed by an officer thereunto duly authorized, as of the date set forth above.

ATTEST:

MERIDIAN TRUST COMPANY,
not in its individual
capacity but solely as
Corporate Owner Trustee

_____

By:_____
Name: Stephen J. Kaba
Title: Vice President

_____
Stephen J. Kaba, not in
his individual capacity
but solely as successor
Individual Owner Trustee

ATTEST: SYSTEM ENERGY RESOURCES, INC.

_____ By:_____
Name:
Title:

STATE OF NEW YORK)
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named STEPHEN J. KABA, who acknowledged that he is a Vice President of MERIDIAN TRUST COMPANY, a Pennsylvania trust company, Corporate Owner Trustee under that certain Trust Agreement No. 2 dated as of December 1, 1988 among Lease Management Realty Corporation IV, as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA, as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that for and on behalf of the said trust company, and as its act and deed in said capacity as Corporate Owner Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument after first having been duly authorized by said trust company so to do.

_____
Notary Public

My Commission Expires:

_____

STATE OF NEW YORK)
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named STEPHEN J. KABA, who acknowledged that he is the successor Individual Owner Trustee under that certain Trust Agreement No. 2 dated as of December 1, 1988 among Lease Management Realty Corporation IV, as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA, as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that in his capacity as Individual Owner Trustee he executed the above and foregoing instrument after first having been duly authorized to do so.

_____
Notary Public

My Commission Expires:

_____

STATE OF MISSISSIPPI)
) ss.:
COUNTY OF HINDS)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named _____ _____, who acknowledged that he is a _____ of SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation, and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
Notary Public

My Commission Expires:

_____

SCHEDULE 1
TO
LEASE SUPPLEMENT NO. 2

BASIC RENT PERCENTAGES

Basic Rent Payment Date	Advance/ Arrears	Percentage of Facility Cost	Basic Rent Payment Date	Advance/ Arrears	Percentage of Facility Cost

SCHEDULE 2
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF CASUALTY VALUES

If the event giving rise to an obligation to pay Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

ADDENDUM TO
SCHEDULE 2 OF LEASE

The foregoing Casualty Values are comprised of the following two components:

Date	Loss Value	Accrued Rent	Date	Loss Value	Accrued Rent

SCHEDULE 3
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF SPECIAL CASUALTY VALUES

If the event giving rise to an obligation to pay Special Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Special Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

ADDENDUM TO
SCHEDULE 3 OF LEASE

The foregoing Special Casualty Values are comprised of the following two components:

Date	Loss Value	Accrued Rent	Date	Loss Value	Accrued Rent

SCHEDULE 4
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF NET CASUALTY VALUES

If the event giving rise to an obligation to pay Net Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Net Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

The Net Casualty Value on _____, 19__ is _____%.

SCHEDULE 5
TO
LEASE SUPPLEMENT NO. 2

SCHEDULE OF NET SPECIAL CASUALTY VALUES

If the event giving rise to an obligation to pay Net Special Casualty Value occurs and the actual date as of which the Owner Participant shall incur Federal income tax consequences shall be earlier or later than the date assumed in originally calculating the applicable Net Special Casualty Value, such value shall be appropriately adjusted, based upon the date as of which the Owner Participant incurred such tax consequences but otherwise on the Assumptions used to calculate the following values.

Basic Rent Payment Date	Percentage of Facility Cost	Basic Rent Payment Date	Percentage of Facility Cost

Exhibit B-7(c)

SUPPLEMENTAL INDENTURE NO. 2
dated as of January 1, 1994

to

TRUST INDENTURE, DEED OF TRUST, MORTGAGE,
SECURITY AGREEMENT AND ASSIGNMENT
OF FACILITY LEASE NO. 1

dated as of December 1, 1988,
as supplemented,

between

MERIDIAN TRUST COMPANY
and STEPHEN J. KABA
not in their individual capacities,
but solely as Owner Trustee under Trust Agreement No. 1
dated as of December 1, 1988, with
Resources Capital Management Corporation,
as successor in interest to
Public Service Resources Corporation,
the Original Owner Participant

and
BANKERS TRUST COMPANY,
not in its individual capacity, but solely as
Corporate Indenture Trustee
and
STANLEY BURG,
not in his individual capacity, but solely as
Individual Indenture Trustee

Original Indenture Recorded on
December 28, 1988, at Deed of Trust Book
Volume 13A, Page 350,
Claiborne County, Mississippi, Chancery Clerk's Office

SUPPLEMENTAL INDENTURE NO. 2, dated as of January 1, 1994 ("Supplemental Indenture No. 2"), to Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 1 dated as of December 1, 1988, as supplemented (the "Indenture") between MERIDIAN TRUST COMPANY, a Pennsylvania trust company, and STEPHEN J. KABA each of whose address is 35 North Sixth Street, Reading, Pennsylvania 19601, not in their individual capacities, except as expressly provided otherwise, but each solely as trustee (collectively, the "Owner Trustee") under the Trust Agreement (such term, and other capitalized terms used herein without definition, having the meanings ascribed thereto in Section 1 below), BANKERS TRUST COMPANY, a New York banking corporation (not in its individual capacity, but solely as the Corporate Indenture Trustee, and, for all purposes except those with respect to Section 6.4(g) of the Indenture, the Indenture Trustee), and STANLEY BURG (not in his individual capacity, but solely as the Individual Indenture Trustee, and solely with respect to Section 6.4(g) of the Indenture, the Indenture Trustee), each of whose address is Four Albany Street, New York, New York 10015,

W I T N E S S E T H:

WHEREAS, the Owner Trustee and the Indenture Trustee have entered into the Indenture pursuant to which the Owner Trustee issued the Initial Series Notes and Supplemental Indenture No. 1, dated as of April 1, 1989, pursuant to which the Owner Trustee issued the Outstanding Notes;

WHEREAS, Section 3.5(1) of the Indenture provides, among other things, that the Outstanding Notes may be refunded with Additional Notes;

WHEREAS, Section 3.5(4) of the Indenture provides, among other things, that the Owner Trustee and the Indenture Trustee may enter into indentures supplemental to the Indenture for, among other things, the purpose of establishing the terms, conditions and designations of Additional Notes;

WHEREAS, the Owner Trustee desires to issue Additional Notes to effect a refunding of the Outstanding Notes of the series created and established pursuant to Supplement No. 1, dated as of April 1, 1989, to the Indenture and to enter into this Supplemental Indenture No. 2 to establish the terms, conditions and designations of such Additional Notes; and

WHEREAS, Section 10.1(viii) of the Indenture provides that, without the consent of Holders of the Notes Outstanding, the Indenture Trustee and the Owner Trustee may, from time to time and at any time, execute a supplement to the Indenture in

order to evidence the issuance of, and to provide the terms of, Additional Notes;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals hereto shall have the meanings assigned to such terms in Appendix A to the Indenture. Appendix A to the Indenture is hereby amended such that Funding Corporation, as defined therein shall mean GG1B Funding Corporation, a Delaware corporation. Schedule PS to the Indenture is attached hereto.

SECTION 2. Terms, Conditions and Designations of the Fixed Rate Notes.

(a) The Fixed Rate Notes. There are hereby created and established two separate series of Fixed Rate Refunding Notes designated, respectively, "Promissory Notes, Fixed Rate Refunding Series due ____" (hereinafter sometimes called the "Series ____ Notes") and "Promissory Notes, Fixed Rate Refunding Series due ____" (hereinafter sometimes called the "Series ____ Notes"). The Series ____ Notes and the Series ____ Notes are hereinafter sometimes referred to, together, as the "Refunding Notes". The Refunding Notes shall be issued in the principal amounts, shall bear interest at the rates per annum and shall have the final maturities set forth below:

	Original Principal Amount	Interes Rate	Final Maturity
Series ____ Notes			
Series ____ Notes			

The Series ____ Notes and the Series ____ Notes shall be substantially in the form of Exhibits A-l and A-2 hereto, respectively.

Each Refunding Note shall bear interest on the principal amount thereof from time to time outstanding from the Issue Date designated thereon until paid in full at the rate of interest set forth therein, which interest shall be payable on July 15, 1994 and on each January 15 and July 15 thereafter to and including the final maturity date thereof, unless paid in full prior to such date as provided herein and in such Refunding

Note. The principal amount of each Refunding Note shall be payable on the dates and in the amounts as set forth in Schedule 1 attached thereto, as such Schedule may be adjusted from time to time in accordance with the terms hereof and of such Refunding Note. Installments of principal of and premium, if any, and interest on each Refunding Note shall be due and payable on the payment dates specified in Schedule 1 attached thereto.

Each Refunding Note shall be subject to prepayment as set forth in such Refunding Note.

(b) Certain Adjustments to Amortization Schedules. The schedules of principal amortization attached to the Refunding Notes may be adjusted at the discretion of the Owner Trustee, as contemplated by, and subject to the conditions set forth in, Section 2(e) of the Participation Agreement; provided, however, that no such adjustment shall be made by the Owner Trustee which will increase or reduce the average life of such Refunding Note (calculated in accordance with generally accepted financial practice) from the date of initial issuance by more than 6 months; and provided, further, that any such adjustment may be made only in connection with a recalculation of Basic Rent pursuant to Section 3(d) or 3(e)(v)(C) of the Facility Lease. If the Owner Trustee shall propose to make the foregoing adjustment, the Owner Trustee shall, as contemplated by Section 3.12 of the Indenture, deliver to the Indenture Trustee and to the Lessee at least 30 days prior to the first payment date (specified on the schedule to such Refunding Note) proposed to be affected by such adjustment, a certificate of the Owner Trustee prepared by the Owner Participant and the Lessee (x) stating that the Owner Trustee has elected to make such adjustment, (y) setting forth the revised schedule of principal amortization for such Refunding Note and (z) attaching calculations showing that the average life of such Refunding Note will not be reduced or increased except as permitted by this paragraph (b). The Indenture Trustee may conclusively rely on such Owner Trustee certificate and shall have no duty with respect to the calculations referred to in the foregoing clause (z).

SECTION 3. Miscellaneous.

(a) Counterpart Execution. This Supplemental Indenture No. 2 may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(b) Execution as Supplemental Indenture. This Supplemental Indenture No. 2 is executed and shall be construed as an indenture supplemental to the Indenture and, as provided in

the Indenture, this Supplemental Indenture No. 2 shall form a part thereof. On and after the delivery of this Supplemental Indenture No. 2, any reference in any Transaction Document to the Indenture shall be deemed to refer to the Indenture as supplemented and amended by this Supplemental Indenture No. 2.

(c) Responsibility for Recitals, Etc. The Indenture Trustee makes no representation or warranty as to the correctness of any statement, recital or representation made by any Person other than the Indenture Trustee in this Supplemental Indenture No. 2, any other Transaction Document or the Refunding Notes or, except with respect to the due authentication by the Indenture Trustee of the Refunding Notes, as to the validity or sufficiency of this Supplemental Indenture No. 2 or the Refunding Notes.

(d) Provisions Binding on Successors. All the covenants, stipulations, promises and agreements in this Supplemental Indenture No. 2 contained by or on behalf of the Owner Trustee shall bind its successors and assigns, whether so expressed or not.

IN WITNESS WHEREOF, the Owner Trustee and the Indenture Trustee have each caused this Supplemental Indenture No. 2 to be duly executed by their respective officers thereunto duly authorized, all as of the date set forth above.

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee

ATTEST:

_____ By:_____
Title: Vice President

_____
STEPHEN J. KABA, not in his individual capacity, but solely as Individual Owner Trustee

BANKERS TRUST COMPANY,
ATTEST: not in its individual capacity, but solely as Corporate Indenture Trustee

_____ By: _____
Title: Vice President

_____
STANLEY BURG,
not in his individual capacity, but
solely as Individual Indenture Trustee

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this __ day of _____, 19__, within my jurisdiction, the within named STEPHEN J. KABA who acknowledged that he is a Vice President of MERIDIAN TRUST COMPANY, a Pennsylvania trust company, Corporate Owner Trustee under that certain Trust Agreement No. 1, dated as of December 1, 1988 among Public Service Resources Corporation, as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA as successor Individual Owner Trustee to the original individual Owner Trustee, Stephen M. Carta, and that for and on behalf of the said trust company, and as its act and deed in said capacity as Corporate Owner Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument after first having been duly authorized by said trust company so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__ within my jurisdiction, the within named STEPHEN J. KABA who acknowledged that he is successor Individual Owner Trustee under that certain Trust Agreement No. [1/2], dated as of December 1, 1988 among [Public Service Resources Corporation/Lease Management Realty Corporation IV], as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that in his capacity as Individual Owner Trustee he executed the above and foregoing instrument after first having been duly authorized so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ___ day of _____, 19_, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of BANKERS TRUST COMPANY, a New York banking corporation and that for and on behalf of said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of BANKERS TRUST COMPANY, a New York banking corporation, Corporate Indenture Trustee under the Indenture, and that for and on behalf of the said corporation, and as its act and deed in said capacity as Corporate Indenture Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this __ day of _____, 19__, within my jurisdiction, the within named STANLEY BURG, who acknowledged that he executed the above and foregoing instrument.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ___ day of _____, 19__, within my jurisdiction, the within named STANLEY BURG, who acknowledged that he is Individual Indenture Trustee under the Indenture, and that in his capacity as Individual Indenture Trustee, he executed the above and foregoing instrument, after first having been duly authorized so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

EXHIBIT A-1 TO
SUPPLEMENTAL
INDENTURE NO. 2

FORM OF PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED, SOLD OR OFFERED FOR SALE IN VIOLATION OF SUCH ACT

PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____
(DUE _____, 20 ____)

Issue Date: _____, 20____
No. R-1A

FOR VALUE RECEIVED, MERIDIAN TRUST COMPANY and STEPHEN J. KABA not in their individual capacities, but solely as Owner Trustee (collectively, the "Owner Trustee") under Trust Agreement No. 1, dated as of December 1, 1988, with Resources Capital Management Corporation (the "Owner Participant" as successor in interest to Public Service Resources Corporation, hereby promise to pay to Bankers Trust Company, not in its individual capacity, but solely as Trustee under the Collateral Trust Indenture, dated as of January 1, 1994, among GG1B Funding Corporation, System Energy Resources, Inc. and Bankers Trust Company, as such Collateral Trust Indenture may be supplemented or amended from time to time, or registered assigns, the principal sum of _____ ($_____), such payment to be made in the amounts and on the dates specified in Schedule 1 hereto, as such Schedule 1 may be revised in accordance herewith (the dates and amounts set forth in Schedule I being herein called, respectively, "Amortization Dates" and "Amortization Requirements"); and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the aggregate amount of such principal sum remaining unpaid from time to time from the date of issuance of this Fixed Rate Note until due and payable, semiannually in arrears on January 15 and July 15 in each year, commencing July 15, 1994, at the rate of _____% per annum, until the principal amount hereof is paid in full.

Capitalized terms used in this Fixed Rate Note which are not otherwise defined herein shall have the meanings ascribed thereto in the Indenture (as hereinafter defined).

In the event that any payment to be made hereunder is stated to be due on a day that is not a Business Day, then such payment shall be due and payable on the next succeeding Business Day with the same force and effect as if made on the date on which such payment was stated to be due and no interest in respect of such payment shall accrue for the period from and after such stated due date.

All payments of principal, premium, if any, and interest to be made by the Owner Trustee hereon and under the Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 1, dated as of December 1, 1988, as at any time heretofore or hereafter amended or supplemented in accordance with the provisions thereof (the "Indenture"), between the Owner Trustee and Bankers Trust Company and Stanley Burg, not in their individual capacities, but solely as Corporate and Individual Indenture Trustee, respectively (the "Indenture Trustee"), shall be made only from the Lease Indenture Estate and the Trust Estate and the Indenture Trustee shall have no obligation for the payment thereof except to the extent that the

Indenture Trustee shall have sufficient income or proceeds from the Lease Indenture Estate to make such payments in accordance with the terms of Article V of the Indenture. The Holder hereof, by its acceptance of this Fixed Rate Note, shall be deemed to have agreed that such Holder will look solely to the Trust Estate and the income and proceeds from the Lease Indenture Estate to the extent available for distribution to the Holder hereof as above provided, and that neither the Owner Participant nor, except as expressly provided in the Indenture, the Owner Trustee nor the Indenture Trustee is or shall be personally liable to the Holder hereof for any amounts payable under this Fixed Rate Note or for any performance to be rendered under the Indenture or any Transaction Document or for any liability thereunder; provided, however, that in the event that the Lessee shall assume all the obligations of the Owner Trustee hereunder and under the Indenture pursuant to Section 3.9(b) of the Indenture, or shall be deemed to have assumed such obligations pursuant to Section 7(b)(4)(H) of the Participation Agreement, then all the payments to be made on this Fixed Rate Note shall be made only from payments made by the Lessee under this Fixed Rate Note in accordance with the Assumption Agreement referred to in said Section 3.9(b) of the Indenture and the Holder of this Fixed Rate Note agrees that in such event it will look solely to the Lessee for such payment and, subject to Section 2.4 of the Indenture, to the Lease Indenture Estate.

Principal, premium, if any, and interest shall be payable in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in the manner provided in the Indenture, on presentment of this Fixed Rate Note at the Indenture Trustee's Office, or as otherwise provided in the Indenture.

In the manner and to the extent provided in the Indenture, Schedule 1 hereto may be adjusted at the discretion of the Owner Trustee in connection with an adjustment to Basic Rent under Section 3(d) or 3(e)(v)(C) of the Facility Lease.

In the event of a partial prepayment of this Fixed Rate Note (the payment of principal in accordance with Schedule 1 hereto not being considered for this purpose a prepayment), the Amortization Requirement for each Amortization Date thereafter shall be deemed to have been satisfied to the extent of an amount equal to the quotient resulting from the division of (A) the product of (w) the principal amount of such prepayment (hereinafter called the "Prepaid Amount") and (x) such Amortization Requirement by (B) the sum of (y) the principal amount of this Fixed Rate Note then Outstanding (after giving effect to such prepayment) and (z) the Prepaid Amount; provided, however, that the remaining Amortization Requirements determined

as set forth in this paragraph shall be rounded to the nearest integral multiple of $1.00, subject to further necessary adjustment so that the aggregate principal amount of such satisfaction of Amortization Requirements shall be equal to the Prepaid Amount, such adjustment to such Amortization Requirements to be made in the inverse order of the respective Amortization Dates corresponding thereto. In connection with such adjustments to Schedule 1 the Owner Trustee shall deliver to the Indenture Trustee, not later than 30 days prior to the next date on which a payment of principal of this Fixed Rate Note is due following such partial prepayment, a revised Schedule 1 hereto prepared by the Lessee and approved by the Owner Participant. The Indenture Trustee may rely on such revised Schedule 1 and shall have no duty with respect to the adjustments set forth therein other than to make it available for inspection by the Holder of this Fixed Rate Note.

The Holder hereof, by its acceptance of this Fixed Rate Note, agrees that each payment received by it hereunder shall be applied in the manner set forth in Section 3.11 of the Indenture. The Holder of this Fixed Rate Note agrees, by its acceptance hereof, that it will duly note by appropriate means all payments of principal or interest made hereon and that it will not in any event transfer or otherwise dispose of this Fixed Rate Note unless and until all such notations have been duly made and the other requirements of the Indenture have been complied with.

This Fixed Rate Note is one of the Fixed Rate Notes referred to in the Indenture. The Indenture permits the issuance of additional series of Notes, as provided in Section 3.5 of the Indenture, and the several series may be for varying aggregate principal amounts and may have different maturity dates, interest rates, redemption provisions and other terms. The properties of the Owner Trustee included in the Lease Indenture Estate are pledged to the Indenture Trustee to the extent provided in the Indenture as security for the payment of the principal of and premium, if any, and interest on this Fixed Rate Note and all other Notes issued and outstanding from time to time under the Indenture. Reference is hereby made to the Indenture for a statement of the rights of the Holders of, and the nature and extent of the security for, this Fixed Rate Note and of the rights of, and the nature and extent of the security for, the Holders of the other Notes and of certain rights of the Owner Trustee, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions the Holder hereof agrees by its acceptance of this Fixed Rate Note.

This Fixed Rate Note is subject to purchase by the Owner Trustee as provided in Section 6.8(b) of the Indenture. This Fixed Rate Note is also subject to prepayment in full, at

the principal amount hereof plus accrued interest to the date fixed for prepayment, in the event of the termination of the Lease pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the Participation Agreement, subject, however, except in the case of a termination pursuant to Section 14 of the Lease, to the right of the Lessee to assume this Fixed Rate Note on the Lease Termination Date, in which event there shall be no redemption of this Fixed Rate Note as a consequence of such termination.

In addition, this Fixed Rate Note may be prepaid in whole or in part at any time on or after _____ __, 19__ at the following prepayment prices (expressed as a percentage of the principal amount hereof being prepaid), together with interest accrued to the date fixed for prepayment:

If Prepaid in the 12 Month Period Beginning January 15	Prepayment Price
_____	___.__%
_____	___.___
_____	___.___
_____	___.___
_____	___.___

and thereafter at the principal amount thereof, together with interest accrued to the date fixed for prepayment.

In the case an Indenture Event of Default shall occur and be continuing, the unpaid balance of the principal of this Fixed Rate Note and any other Notes, together with all accrued but unpaid interest thereon, may, subject to certain rights of the Owner Trustee and the Owner Participant contained or referred to in the Indenture, be declared or may become due and payable in the manner and with the effect provided in the Indenture.

The obligation of the Owner Trustee to pay the principal of and premium, if any, and interest on this Fixed Rate Note, and the lien of the Indenture or the Lease Indenture Estate, is subject to being legally discharged prior to the maturity of this Fixed Rate Note upon the deposit with the Indenture Trustee of cash or certain securities sufficient to pay this Fixed Rate Note when due in accordance with the terms of the Indenture.

There shall be maintained at the Indenture Trustee's Office a register for the purpose of registering transfers and exchanges of Notes in the manner provided in the Indenture. The transfer of this Fixed Rate Note is registrable, as provided in the Indenture, upon surrender of this Fixed Rate Note for registration of transfer duly accompanied by a written instrument

of transfer duly executed by or on behalf of the registered Holder hereof, together with the amount of any applicable transfer taxes. The Owner Trustee and the Indenture Trustee may treat the person in whose name this Fixed Rate Note is registered as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Fixed Rate Note and for all other purposes whatsoever, whether or not this Fixed Rate Note be overdue, and neither the Owner Trustee nor the Indenture Trustee shall be affected by notice to the contrary.

This Fixed Rate Note shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the Corporate Owner Trustee has caused this Fixed Rate Note to be duly executed as of the date hereof.

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement

By:

_____
Title:

This Fixed Rate Note is one of the series of Notes referred to therein and in the within-mentioned Indenture.

BANKERS TRUST COMPANY, not in its individual capacity, but solely as Corporate Indenture Trustee

By: _____
Title:

SCHEDULE 1

SCHEDULE OF PRINCIPAL AMORTIZATION

Payment Date	Principal Amount Payable	Principal Balance

EXHIBIT A-2 TO
SUPPLEMENTAL
INDENTURE NO. 2

FORM OF PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED, SOLD OR OFFERED FOR SALE IN VIOLATION OF SUCH ACT

PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____
(DUE _____ __, 20__)

Issue Date: _____ __, ____
No. R-1B

FOR VALUE RECEIVED, MERIDIAN TRUST COMPANY and STEPHEN J. KABA not in their individual capacities, but solely as Owner Trustee (collectively, the "Owner Trustee") under Trust Agreement No. 1, dated as of December 1, 1988, with Resources Capital Management Corporation (the "Owner Participant" as successor in interest to Public Service Resources Corporation), hereby promise to pay to Bankers Trust Company, not in its individual capacity, but solely as Trustee under the Collateral Trust Indenture, dated as of January 1, 1994, among GG1B Funding Corporation, System Energy Resources, Inc. and Bankers Trust Company, as such Collateral Trust Indenture may be supplemented or amended from time to time, or registered assigns, the principal sum of _____ ($_____), such payment to be made in the amounts and on the dates specified in Schedule 1 hereto, as such Schedule 1 may be revised in accordance herewith (the dates and amounts set forth in Schedule I being herein called, respectively, "Amortization Dates" and "Amortization Requirements"); and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the aggregate amount of such principal sum remaining unpaid from time to time from the date of issuance of this Fixed Rate Note until due and payable, semiannually in arrears on January 15 and July 15 in each year, commencing July 15, 1994, at the rate of ____% per annum, until the principal amount hereof is paid in full.

Capitalized terms used in this Fixed Rate Note which are not otherwise defined herein shall have the meanings ascribed

thereto in the Indenture (as hereinafter defined).

In the event that any payment to be made hereunder is stated to be due on a day that is not a Business Day, then such payment shall be due and payable on the next succeeding Business Day with the same force and effect as if made on the date on which such payment was stated to be due and no interest in respect of such payment shall accrue for the period from and after such stated due date.

All payments of principal, premium, if any, and interest to be made by the Owner Trustee hereon and under the Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 1, dated as of December 1, 1988, as at any time heretofore or hereafter amended or supplemented in accordance with the provisions thereof (the "Indenture"), between the Owner Trustee and Bankers Trust Company and Stanley Burg, not in their individual capacities but solely as Corporate and Individual Indenture Trustee, respectively (the "Indenture Trustee"), shall be made only from the Lease Indenture Estate and the Trust Estate and the Indenture Trustee shall have no obligation for the payment thereof except to the extent that the Indenture Trustee shall have sufficient income or proceeds from the Lease Indenture Estate to make such payments in accordance with the terms of Article V of the Indenture. The Holder hereof, by its acceptance of this Fixed Rate Note, shall be deemed to have agreed that such Holder will look solely to the Trust Estate and the income and proceeds from the Lease Indenture Estate to the extent available for distribution to the Holder hereof as above provided, and that neither the Owner Participant nor, except as expressly provided in the Indenture, the Owner Trustee nor the Indenture Trustee is or shall be personally liable to the Holder hereof for any amounts payable under this Fixed Rate Note or for any performance to be rendered under the Indenture or any Transaction Document or for any liability thereunder; provided, however, that in the event that the Lessee shall assume all the obligations of the Owner Trustee hereunder and under the Indenture pursuant to Section 3.9(b) of the Indenture, or shall be deemed to have assumed such obligations pursuant to Section 7(b)(4)(H) of the Participation Agreement, then all the payments to be made on this Fixed Rate Note shall be made only from payments made by the Lessee under this Fixed Rate Note in accordance with the Assumption Agreement referred to in said Section 3.9(b) of the Indenture and the Holder of this Fixed Rate Note agrees that in such event it will look solely to the Lessee for such payment and, subject to Section 2.4 of the Indenture, to the Lease Indenture Estate.

Principal, premium, if any, and interest shall be payable in immediately available funds in such coin or currency of the United States of America as at the time of payment shall

be legal tender for the payment of public and private debts, in the manner provided in the Indenture, on presentment of this Fixed Rate Note at the Indenture Trustee's Office, or as otherwise provided in the Indenture.

In the manner and to the extent provided in the Indenture, Schedule 1 hereto may be adjusted at the discretion of the Owner Trustee in connection with an adjustment to Basic Rent under Section 3(d) or 3(e)(v)(C) of the Facility Lease.

In the event of a partial prepayment of this Fixed Rate Note (the payment of principal in accordance with Schedule 1 hereto not being considered for this purpose a prepayment), the Amortization Requirement for each Amortization Date thereafter shall be deemed to have been satisfied to the extent of an amount equal to the quotient resulting from the division of (A) the product of (w) the principal amount of such prepayment (hereinafter called the "Prepaid Amount") and (x) such Amortization Requirement by (B) the sum of (y) the principal amount of this Fixed Rate Note then Outstanding (after giving effect to such prepayment) and (z) the Prepaid Amount; provided, however, that the remaining Amortization Requirements determined as set forth in this paragraph shall be rounded to the nearest integral multiple of $1.00, subject to further necessary adjustment so that the aggregate principal amount of such satisfaction of Amortization Requirements shall be equal to the Prepaid Amount, such adjustment to such Amortization Requirements to be made in the inverse order of the respective Amortization Dates corresponding thereto. In connection with such adjustments to Schedule 1 the Owner Trustee shall deliver to the Indenture Trustee, not later than 30 days prior to the next date on which a payment of principal of this Fixed Rate Note is due following such partial prepayment, a revised Schedule 1 hereto prepared by the Lessee and approved by the Owner Participant. The Indenture Trustee may rely on such revised Schedule 1 and shall have no duty with respect to the adjustments set forth therein other than to make it available for inspection by the Holder of this Fixed Rate Note.

The Holder hereof, by its acceptance of this Fixed Rate Note, agrees that each payment received by it hereunder shall be applied in the manner set forth in Section 3.11 of the Indenture. The Holder of this Fixed Rate Note agrees, by its acceptance hereof, that it will duly note by appropriate means all payments of principal or interest made hereon and that it will not in any event transfer or otherwise dispose of this Fixed Rate Note unless and until all such notations have been duly made and the other requirements of the Indenture have been complied with.

This Fixed Rate Note is one of the Fixed Rate Notes referred to in the Indenture. The Indenture permits the issuance

of additional series of Notes, as provided in Section 3.5 of the Indenture, and the several series may be for varying aggregate principal amounts and may have different maturity dates, interest rates, redemption provisions and other terms. The properties of the Owner Trustee included in the Lease Indenture Estate are pledged to the Indenture Trustee to the extent provided in the Indenture as security for the payment of the principal of and premium, if any, and interest on this Fixed Rate Note and all other Notes issued and outstanding from time to time under the Indenture. Reference is hereby made to the Indenture for a statement of the rights of the Holders of, and the nature and extent of the security for, this Fixed Rate Note and of the rights of, and the nature and extent of the security for, the Holders of the other Notes and of certain rights of the Owner Trustee, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions the Holder hereof agrees by its acceptance of this Fixed Rate Note.

This Fixed Rate Note is subject to purchase by the Owner Trustee as provided in Section 6.8(b) of the Indenture. This Fixed Rate Note is also subject to prepayment in full, at the principal amount hereof plus accrued interest to the date fixed for prepayment, in the event of the termination of the Lease pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the Participation Agreement, subject, however, except in the case of a termination pursuant to Section 14 of the Lease, to the right of the Lessee to assume this Fixed Rate Note on the Lease Termination Date, in which event there shall be no redemption of this Fixed Rate Note as a consequence of such termination.

In addition, this Fixed Rate Note may be prepaid in whole or in part at any time on or after _____ __, ____ at the following prepayment prices (expressed as a percentage of the principal amount hereof being prepaid), together with interest accrued to the date fixed for prepayment:

If Prepaid in the 12 Month Period Beginning January 15	Prepayment Price

and thereafter at the principal amount thereof, together with interest accrued to the date fixed for prepayment.

In the case an Indenture Event of Default shall occur

and be continuing, the unpaid balance of the principal of this Fixed Rate Note and any other Notes, together with all accrued but unpaid interest thereon, may, subject to certain rights of the Owner Trustee and the Owner Participant contained or referred to in the Indenture, be declared or may become due and payable in the manner and with the effect provided in the Indenture.

The obligation of the Owner Trustee to pay the principal of and premium, if any, and interest on this Fixed Rate Note, and the lien of the Indenture or the Lease Indenture Estate, is subject to being legally discharged prior to the maturity of this Fixed Rate Note upon the deposit with the Indenture Trustee of cash or certain securities sufficient to pay this Fixed Rate Note when due in accordance with the terms of the Indenture.

There shall be maintained at the Indenture Trustee's Office a register for the purpose of registering transfers and exchanges of Notes in the manner provided in the Indenture. The transfer of this Fixed Rate Note is registrable, as provided in the Indenture, upon surrender of this Fixed Rate Note for registration of transfer duly accompanied by a written instrument of transfer duly executed by or on behalf of the registered Holder hereof, together with the amount of any applicable transfer taxes. The Owner Trustee and the Indenture Trustee may treat the person in whose name this Fixed Rate Note is registered as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Fixed Rate Note and for all other purposes whatsoever, whether or not this Fixed Rate Note be overdue, and neither the Owner Trustee nor the Indenture Trustee shall be affected by notice to the contrary.

This Fixed Rate Note shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the Corporate Owner Trustee has caused this Fixed Rate Note to be duly executed as of the date hereof.

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement

By:

_____

Title:

This Fixed Rate Note is one of the series of Notes referred to therein and in the within-mentioned Indenture.

BANKERS TRUST COMPANY, not in its individual capacity, but solely as Corporate Indenture Trustee

By: _____
Title:

SCHEDULE 1

SCHEDULE OF PRINCIPAL AMORTIZATION

Payment Date	Principal Amount Payable	Principal Balance

Exhibit B-8(c)

SUPPLEMENTAL INDENTURE NO. 2
dated as of January 1, 1994

to

TRUST INDENTURE, DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT OF FACILITY LEASE NO. 2

dated as of December 1, 1988,
as supplemented,

between

MERIDIAN TRUST COMPANY
and STEPHEN J. KABA
not in their individual capacities,
but solely as Owner Trustee under Trust Agreement No. 2
dated as of December 1, 1988, with
Textron Financial Corporation,
as successor in interest to
Lease Management Realty Corporation IV,
the Original Owner Participant

and

BANKERS TRUST COMPANY,
not in its individual capacity, but solely as
Corporate Indenture Trustee

and

STANLEY BURG,
not in his individual capacity, but solely as
Individual Indenture Trustee

Original Indenture Recorded on
December 28, 1988, at Deed of Trust Book
Volume 13C, Page 1,
Claiborne County, Mississippi, Chancery Clerk's Office

SUPPLEMENTAL INDENTURE NO. 2, dated as of January 1, 1994 ("Supplemental Indenture No. 2"), to Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 2 dated as of December 1, 1988, as supplemented (the "Indenture") between MERIDIAN TRUST COMPANY, a Pennsylvania trust company, and STEPHEN J. KABA each of whose address is 35 North Sixth Street, Reading, Pennsylvania 19601, not in their individual capacities, except as expressly provided otherwise, but each solely as trustee (collectively, the "Owner Trustee") under the Trust Agreement (such term, and other capitalized terms used herein without definition, having the meanings ascribed thereto in Section 1 below), BANKERS TRUST COMPANY, a New York banking corporation (not in its individual capacity, but solely as the Corporate Indenture Trustee, and, for all purposes except those with respect to Section 6.4(g) of the Indenture, the Indenture Trustee), and STANLEY BURG (not in his individual capacity, but solely as the Individual Indenture Trustee, and solely with respect to Section 6.4(g) of the Indenture, the Indenture Trustee), each of whose address is Four Albany Street, New York, New York 10015,

W I T N E S S E T H:

WHEREAS, the Owner Trustee and the Indenture Trustee have entered into the Indenture pursuant to which the Owner Trustee issued the Initial Series Notes and Supplemental Indenture No. 1, dated as of April 1, 1989, pursuant to which the Owner Trustee issued the Outstanding Notes;

WHEREAS, Section 3.5(1) of the Indenture provides, among other things, that the Outstanding Notes may be refunded with Additional Notes;

WHEREAS, Section 3.5(4) of the Indenture provides, among other things, that the Owner Trustee and the Indenture Trustee may enter into indentures supplemental to the Indenture for, among other things, the purpose of establishing the terms, conditions and designations of Additional Notes;

WHEREAS, the Owner Trustee desires to issue Additional Notes to effect a refunding of the Outstanding Notes of the series created and established pursuant to Supplement No. 1, dated as of April 1, 1989, to the Indenture and to enter into this Supplemental Indenture No. 2 to establish the terms, conditions and designations of such Additional Notes; and

WHEREAS, Section 10.1(viii) of the Indenture provides that, without the consent of Holders of the Notes Outstanding, the Indenture Trustee and the Owner Trustee may, from time to time and at any time, execute a supplement to the Indenture in order to evidence the issuance of, and to provide the terms of, Additional Notes;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein or in the recitals hereto shall have the meanings assigned to such terms in Appendix A to the Indenture. Appendix A to the Indenture is hereby amended such that Funding Corporation, as defined therein shall mean GG1B Funding Corporation, a Delaware corporation. Schedule PS to the Indenture is attached hereto.

SECTION 2. Terms, Conditions and Designations of the Fixed Rate Notes.

(a) The Fixed Rate Notes. There are hereby created and established two separate series of Fixed Rate Refunding Notes designated, respectively, "Promissory Notes, Fixed Rate Refunding Series due ____" (hereinafter sometimes called the "Series ____ Notes") and "Promissory Notes, Fixed Rate Refunding Series due ____" (hereinafter sometimes called the "Series ____ Notes"). The Series ____ Notes and the Series ____ Notes are hereinafter sometimes referred to, together, as the "Refunding Notes". The Refunding Notes shall be issued in the principal amounts, shall bear interest at the rates per annum and shall have the final maturities set forth below:

	Original Principal Amount	Interest Rate	Final Maturity
Series ____ Notes			
Series ____ Notes			

The Series ____ Notes and the Series ____ Notes shall be substantially in the form of Exhibits A-1 and A-2 hereto, respectively.

Each Refunding Note shall bear interest on the principal amount thereof from time to time outstanding from the Issue Date designated thereon until paid in full at the rate of

interest set forth therein, which interest shall be payable on July 15, 1994 and on each January 15 and July 15 thereafter to and including the final maturity date thereof, unless paid in full prior to such date as provided herein and in such Refunding Note. The principal amount of each Refunding Note shall be payable on the dates and in the amounts as set forth in Schedule 1 attached thereto, as such Schedule may be adjusted from time to time in accordance with the terms hereof and of such Refunding Note. Installments of principal of and premium, if any, and interest on each Refunding Note shall be due and payable on the payment dates specified in Schedule 1 attached thereto.

Each Refunding Note shall be subject to prepayment as set forth in such Refunding Note.

(b) Certain Adjustments to Amortization Schedules. The schedules of principal amortization attached to the Refunding Notes may be adjusted at the discretion of the Owner Trustee, as contemplated by, and subject to the conditions set forth in, Section 2(e) of the Participation Agreement; provided, however, that no such adjustment shall be made by the Owner Trustee which will increase or reduce the average life of such Refunding Note (calculated in accordance with generally accepted financial practice) from the date of initial issuance by more than 6 months; and provided, further, that any such adjustment may be made only in connection with a recalculation of Basic Rent pursuant to Section 3(d) or 3(e)(v)(C) of the Facility Lease. If the Owner Trustee shall propose to make the foregoing adjustment, the Owner Trustee shall, as contemplated by Section 3.12 of the Indenture, deliver to the Indenture Trustee and to the Lessee at least 30 days prior to the first payment date (specified on the schedule to such Refunding Note) proposed to be affected by such adjustment, a certificate of the Owner Trustee prepared by the Owner Participant and the Lessee (x) stating that the Owner Trustee has elected to make such adjustment, (y) setting forth the revised schedule of principal amortization for such Refunding Note and (z) attaching calculations showing that the average life of such Refunding Note will not be reduced or increased except as permitted by this paragraph (b). The Indenture Trustee may conclusively rely on such Owner Trustee certificate and shall have no duty with respect to the calculations referred to in the foregoing clause (z).

SECTION 3. Miscellaneous.

(a) Counterpart Execution. This Supplemental Indenture No. 2 may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(b) Execution as Supplemental Indenture. This Supplemental Indenture No. 2 is executed and shall be construed as an indenture supplemental to the Indenture and, as provided in the Indenture, this Supplemental Indenture No. 2 shall form a part thereof. On and after the delivery of this Supplemental Indenture No. 2, any reference in any Transaction Document to the Indenture shall be deemed to refer to the Indenture as supplemented and amended by this Supplemental Indenture No. 2.

(c) Responsibility for Recitals, Etc. The Indenture Trustee makes no representation or warranty as to the correctness of any statement, recital or representation made by any Person other than the Indenture Trustee in this Supplemental Indenture No. 2, any other Transaction Document or the Refunding Notes or, except with respect to the due authentication by the Indenture Trustee of the Refunding Notes, as to the validity or sufficiency of this Supplemental Indenture No. 2 or the Refunding Notes.

(d) Provisions Binding on Successors. All the covenants, stipulations, promises and agreements in this Supplemental Indenture No. 2 contained by or on behalf of the Owner Trustee shall bind its successors and assigns, whether so expressed or not.

IN WITNESS WHEREOF, the Owner Trustee and the Indenture Trustee have each caused this Supplemental Indenture No. 2 to be duly executed by their respective officers thereunto duly authorized, all as of the date set forth above.

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee

ATTEST:

_____ By: _____
Title: Vice President

_____
STEPHEN J. KABA, not in his individual capacity, but solely as Individual Owner Trustee

BANKERS TRUST COMPANY,
ATTEST: not in its individual capacity, but
solely as Corporate Indenture Trustee

_____ By: _____
Title: Vice President

_____
STANLEY BURG,
not in his individual capacity, but
solely as Individual Indenture Trustee

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this __ day of _____, 19__, within my jurisdiction, the within named STEPHEN J. KABA who acknowledged that he is a Vice President of MERIDIAN TRUST COMPANY, a Pennsylvania trust company, Corporate Owner Trustee under that certain Trust Agreement No. 2, dated as of December 1, 1988 among Lease Management Realty Corporation IV, as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that for and on behalf of the said trust company, and as its act and deed in said capacity as Corporate Owner Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument after first having been duly authorized by said trust company so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__ within my jurisdiction, the within named STEPHEN J. KABA who acknowledged that he is successor Individual Owner Trustee under that certain Trust Agreement No. [1/2], dated as of December 1, 1988 among [Public Service Resources Corporation/Lease Management Realty Corporation IV], as Original Owner Participant, MERIDIAN TRUST COMPANY, as Corporate Owner Trustee, and STEPHEN J. KABA as successor Individual Owner Trustee to the original Individual Owner Trustee, Stephen M. Carta, and that in his capacity as Individual Owner Trustee he executed the above and foregoing instrument after first having been duly authorized so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ___ day of _____, 19_, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of BANKERS TRUST COMPANY, a New York banking corporation and that for and on behalf of said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ____ day of _____, 19__, within my jurisdiction, the within named _____, who acknowledged that he is a Vice President of BANKERS TRUST COMPANY, a New York banking corporation, Corporate Indenture Trustee under the Indenture, and that for and on behalf of the said corporation, and as its act and deed in said capacity as Corporate Indenture Trustee and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this __ day of

_____, 19__, within my jurisdiction, the within named STANLEY BURG, who acknowledged that he executed the above and foregoing instrument.

_____
NOTARY PUBLIC

My Commission Expires:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Personally appeared before me, the undersigned authority in and for the said County and State, on this ___ day of _____, 19__, within my jurisdiction, the within named STANLEY BURG, who acknowledged that he is Individual Indenture Trustee under the Indenture, and that in his capacity as Individual Indenture Trustee, he executed the above and foregoing instrument, after first having been duly authorized so to do.

_____
NOTARY PUBLIC

My Commission Expires:

_____

EXHIBIT A-1 TO
SUPPLEMENTAL
INDENTURE NO. 2

FORM OF PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED, SOLD OR OFFERED FOR SALE IN VIOLATION OF SUCH ACT

PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____
(DUE _____, 20 ____)

Issue Date: _____, 20____
No. R-1A

FOR VALUE RECEIVED, MERIDIAN TRUST COMPANY and STEPHEN J. KABA not in their individual capacities, but solely as Owner Trustee (collectively, the "Owner Trustee") under Trust Agreement No. 2, dated as of December 1, 1988, with Textron Financial Corporation (the "Owner Participant" as successor in interest to Lease Management Realty Corporation IV), hereby promise to pay to Bankers Trust Company, not in its individual capacity, but solely as Trustee under the Collateral Trust Indenture, dated as of January 1, 1994, among GG1B Funding Corporation, System Energy Resources, Inc. and Bankers Trust Company, as such Collateral Trust Indenture may be supplemented or amended from time to time, or registered assigns, the principal sum of _____ _____ ($_____), such payment to be made in the amounts and on the dates specified in Schedule 1 hereto, as such Schedule 1 may be revised in accordance herewith (the dates and amounts set forth in Schedule I being herein called, respectively, "Amortization Dates" and "Amortization Requirements"); and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the aggregate amount of such principal sum remaining unpaid from time to time from the date of issuance of this Fixed Rate Note until due and payable, semiannually in arrears on January 15 and July 15 in each year, commencing July 15, 1994, at the rate of _____% per annum, until the principal amount hereof is paid in full.

Capitalized terms used in this Fixed Rate Note which are not otherwise defined herein shall have the meanings ascribed thereto in the Indenture (as hereinafter defined).

In the event that any payment to be made hereunder is stated to be due on a day that is not a Business Day, then such payment shall be due and payable on the next succeeding Business Day with the same force and effect as if made on the date on which such payment was stated to be due and no interest in respect of such payment shall accrue for the period from and after such stated due date.

All payments of principal, premium, if any, and interest to be made by the Owner Trustee hereon and under the Trust Indenture, Deed of Trust, Mortgage, Security Agreement and

Assignment of Facility Lease No. 2, dated as of December 1, 1988, as at any time heretofore or hereafter amended or supplemented in accordance with the provisions thereof (the "Indenture"), between the Owner Trustee and Bankers Trust Company and Stanley Burg, not in their individual capacities, but solely as Corporate and Individual Indenture Trustee, respectively (the "Indenture Trustee"), shall be made only from the Lease Indenture Estate and the Trust Estate and the Indenture Trustee shall have no obligation for the payment thereof except to the extent that the Indenture Trustee shall have sufficient income or proceeds from the Lease Indenture Estate to make such payments in accordance with the terms of Article V of the Indenture. The Holder hereof, by its acceptance of this Fixed Rate Note, shall be deemed to have agreed that such Holder will look solely to the Trust Estate and the income and proceeds from the Lease Indenture Estate to the extent available for distribution to the Holder hereof as above provided, and that neither the Owner Participant nor, except as expressly provided in the Indenture, the Owner Trustee nor the Indenture Trustee is or shall be personally liable to the Holder hereof for any amounts payable under this Fixed Rate Note or for any performance to be rendered under the Indenture or any Transaction Document or for any liability thereunder; provided, however, that in the event that the Lessee shall assume all the obligations of the Owner Trustee hereunder and under the Indenture pursuant to Section 3.9(b) of the Indenture, or shall be deemed to have assumed such obligations pursuant to Section 7(b)(4)(H) of the Participation Agreement, then all the payments to be made on this Fixed Rate Note shall be made only from payments made by the Lessee under this Fixed Rate Note in accordance with the Assumption Agreement referred to in said Section 3.9(b) of the Indenture and the Holder of this Fixed Rate Note agrees that in such event it will look solely to the Lessee for such payment and, subject to Section 2.4 of the Indenture, to the Lease Indenture Estate.

Principal, premium, if any, and interest shall be payable in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in the manner provided in the Indenture, on presentment of this Fixed Rate Note at the Indenture Trustee's Office, or as otherwise provided in the Indenture.

In the manner and to the extent provided in the Indenture, Schedule 1 hereto may be adjusted at the discretion of the Owner Trustee in connection with an adjustment to Basic Rent under Section 3(d) or 3(e)(v)(C) of the Facility Lease.

In the event of a partial prepayment of this Fixed Rate Note (the payment of principal in accordance with Schedule 1 hereto not being considered for this purpose a prepayment), the

Amortization Requirement for each Amortization Date thereafter shall be deemed to have been satisfied to the extent of an amount equal to the quotient resulting from the division of (A) the product of (w) the principal amount of such prepayment (hereinafter called the "Prepaid Amount") and (x) such Amortization Requirement by (B) the sum of (y) the principal amount of this Fixed Rate Note then Outstanding (after giving effect to such prepayment) and (z) the Prepaid Amount; provided, however, that the remaining Amortization Requirements determined as set forth in this paragraph shall be rounded to the nearest integral multiple of $1.00, subject to further necessary adjustment so that the aggregate principal amount of such satisfaction of Amortization Requirements shall be equal to the Prepaid Amount, such adjustment to such Amortization Requirements to be made in the inverse order of the respective Amortization Dates corresponding thereto. In connection with such adjustments to Schedule 1 the Owner Trustee shall deliver to the Indenture Trustee, not later than 30 days prior to the next date on which a payment of principal of this Fixed Rate Note is due following such partial prepayment, a revised Schedule 1 hereto prepared by the Lessee and approved by the Owner Participant. The Indenture Trustee may rely on such revised Schedule 1 and shall have no duty with respect to the adjustments set forth therein other than to make it available for inspection by the Holder of this Fixed Rate Note.

The Holder hereof, by its acceptance of this Fixed Rate Note, agrees that each payment received by it hereunder shall be applied in the manner set forth in Section 3.11 of the Indenture. The Holder of this Fixed Rate Note agrees, by its acceptance hereof, that it will duly note by appropriate means all payments of principal or interest made hereon and that it will not in any event transfer or otherwise dispose of this Fixed Rate Note unless and until all such notations have been duly made and the other requirements of the Indenture have been complied with.

This Fixed Rate Note is one of the Fixed Rate Notes referred to in the Indenture. The Indenture permits the issuance of additional series of Notes, as provided in Section 3.5 of the Indenture, and the several series may be for varying aggregate principal amounts and may have different maturity dates, interest rates, redemption provisions and other terms. The properties of the Owner Trustee included in the Lease Indenture Estate are pledged to the Indenture Trustee to the extent provided in the Indenture as security for the payment of the principal of and premium, if any, and interest on this Fixed Rate Note and all other Notes issued and outstanding from time to time under the Indenture. Reference is hereby made to the Indenture for a statement of the rights of the Holders of, and the nature and extent of the security for, this Fixed Rate Note and of the rights of, and the nature and extent of the security for, the

Holders of the other Notes and of certain rights of the Owner Trustee, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions the Holder hereof agrees by its acceptance of this Fixed Rate Note.

This Fixed Rate Note is subject to purchase by the Owner Trustee as provided in Section 6.8(b) of the Indenture. This Fixed Rate Note is also subject to prepayment in full, at the principal amount hereof plus accrued interest to the date fixed for prepayment, in the event of the termination of the Lease pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the Participation Agreement, subject, however, except in the case of a termination pursuant to Section 14 of the Lease, to the right of the Lessee to assume this Fixed Rate Note on the Lease Termination Date, in which event there shall be no redemption of this Fixed Rate Note as a consequence of such termination.

In addition, this Fixed Rate Note may be prepaid in whole or in part at any time on or after _____ __, 19__ at the following prepayment prices (expressed as a percentage of the principal amount hereof being prepaid), together with interest accrued to the date fixed for prepayment:

If Prepaid in the 12 Month Period Beginning January 15	Prepayment Price
_____	___.__%
_____	___.___
_____	___.___
_____	___.___
_____	___.___

and thereafter at the principal amount thereof, together with interest accrued to the date fixed for prepayment.

In the case an Indenture Event of Default shall occur and be continuing, the unpaid balance of the principal of this Fixed Rate Note and any other Notes, together with all accrued but unpaid interest thereon, may, subject to certain rights of the Owner Trustee and the Owner Participant contained or referred to in the Indenture, be declared or may become due and payable in the manner and with the effect provided in the Indenture.

The obligation of the Owner Trustee to pay the principal of and premium, if any, and interest on this Fixed Rate Note, and the lien of the Indenture or the Lease Indenture Estate, is subject to being legally discharged prior to the maturity of this Fixed Rate Note upon the deposit with the Indenture Trustee of cash or certain securities sufficient to pay

this Fixed Rate Note when due in accordance with the terms of the Indenture.

There shall be maintained at the Indenture Trustee's Office a register for the purpose of registering transfers and exchanges of Notes in the manner provided in the Indenture. The transfer of this Fixed Rate Note is registrable, as provided in the Indenture, upon surrender of this Fixed Rate Note for registration of transfer duly accompanied by a written instrument of transfer duly executed by or on behalf of the registered Holder hereof, together with the amount of any applicable transfer taxes. The Owner Trustee and the Indenture Trustee may treat the person in whose name this Fixed Rate Note is registered as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Fixed Rate Note and for all other purposes whatsoever, whether or not this Fixed Rate Note be overdue, and neither the Owner Trustee nor the Indenture Trustee shall be affected by notice to the contrary.

This Fixed Rate Note shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the Corporate Owner Trustee has caused this Fixed Rate Note to be duly executed as of the date hereof.

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement

By: _____
Title:

This Fixed Rate Note is one of the series of Notes referred to therein and in the within-mentioned Indenture.

BANKERS TRUST COMPANY, not in its individual capacity, but solely as Corporate Indenture Trustee

By: _____
Title:

SCHEDULE 1

SCHEDULE OF PRINCIPAL AMORTIZATION

Payment Date	Principal Amount Payable	Principal Balance

EXHIBIT A-2 TO
SUPPLEMENTAL
INDENTURE NO. 2

FORM OF PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED, SOLD OR OFFERED FOR SALE IN VIOLATION OF SUCH ACT

PROMISSORY NOTE, FIXED RATE REFUNDING SERIES DUE ____
(DUE _____ __, 20__)

Issue Date: _____ __, ____
No. R-1B

FOR VALUE RECEIVED, MERIDIAN TRUST COMPANY and STEPHEN J. KABA not in their individual capacities, but solely as Owner Trustee (collectively, the "Owner Trustee") under Trust Agreement No. 2, dated as of December 1, 1988, with Textron Financial Corporation (the "Owner Participant" as successor in interest to Lease Management Realty Corporation IV), hereby promise to pay to Bankers Trust Company, not in its individual capacity, but solely as Trustee under the Collateral Trust Indenture, dated as of January 1, 1994, among GG1B Funding Corporation, System Energy Resources, Inc. and Bankers Trust Company, as such Collateral Trust Indenture may be supplemented or amended from time to time, or registered assigns, the principal sum of _____ _____ ($_____), such payment to be made in the amounts and on the dates specified in Schedule 1 hereto, as such Schedule 1 may be revised in accordance herewith (the dates and amounts set forth in Schedule I being herein called, respectively, "Amortization Dates" and "Amortization Requirements"); and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the

aggregate amount of such principal sum remaining unpaid from time to time from the date of issuance of this Fixed Rate Note until due and payable, semiannually in arrears on January 15 and July 15 in each year, commencing July 15, 1994, at the rate of ____% per annum, until the principal amount hereof is paid in full.

Capitalized terms used in this Fixed Rate Note which are not otherwise defined herein shall have the meanings ascribed thereto in the Indenture (as hereinafter defined).

In the event that any payment to be made hereunder is stated to be due on a day that is not a Business Day, then such payment shall be due and payable on the next succeeding Business Day with the same force and effect as if made on the date on which such payment was stated to be due and no interest in respect of such payment shall accrue for the period from and after such stated due date.

All payments of principal, premium, if any, and interest to be made by the Owner Trustee hereon and under the Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease No. 2, dated as of December 1, 1988, as at any time heretofore or hereafter amended or supplemented in accordance with the provisions thereof (the "Indenture"), between the Owner Trustee and Bankers Trust Company and Stanley Burg, not in their individual capacities but solely as Corporate and Individual Indenture Trustee, respectively (the "Indenture Trustee"), shall be made only from the Lease Indenture Estate and the Trust Estate and the Indenture Trustee shall have no obligation for the payment thereof except to the extent that the Indenture Trustee shall have sufficient income or proceeds from the Lease Indenture Estate to make such payments in accordance with the terms of Article V of the Indenture. The Holder hereof, by its acceptance of this Fixed Rate Note, shall be deemed to have agreed that such Holder will look solely to the Trust Estate and the income and proceeds from the Lease Indenture Estate to the extent available for distribution to the Holder hereof as above provided, and that neither the Owner Participant nor, except as expressly provided in the Indenture, the Owner Trustee nor the Indenture Trustee is or shall be personally liable to the Holder hereof for any amounts payable under this Fixed Rate Note or for any performance to be rendered under the Indenture or any Transaction Document or for any liability thereunder; provided, however, that in the event that the Lessee shall assume all the obligations of the Owner Trustee hereunder and under the Indenture pursuant to Section 3.9(b) of the Indenture, or shall be deemed to have assumed such obligations pursuant to Section 7(b)(4)(H) of the Participation Agreement, then all the payments to be made on this Fixed Rate Note shall be made only from payments made by the Lessee under this Fixed Rate Note in accordance with the Assumption Agreement referred to in said

Section 3.9(b) of the Indenture and the Holder of this Fixed Rate Note agrees that in such event it will look solely to the Lessee for such payment and, subject to Section 2.4 of the Indenture, to the Lease Indenture Estate.

Principal, premium, if any, and interest shall be payable in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in the manner provided in the Indenture, on presentment of this Fixed Rate Note at the Indenture Trustee's Office, or as otherwise provided in the Indenture.

In the manner and to the extent provided in the Indenture, Schedule 1 hereto may be adjusted at the discretion of the Owner Trustee in connection with an adjustment to Basic Rent under Section 3(d) or 3(e)(v)(C) of the Facility Lease.

In the event of a partial prepayment of this Fixed Rate Note (the payment of principal in accordance with Schedule 1 hereto not being considered for this purpose a prepayment), the Amortization Requirement for each Amortization Date thereafter shall be deemed to have been satisfied to the extent of an amount equal to the quotient resulting from the division of (A) the product of (w) the principal amount of such prepayment (hereinafter called the "Prepaid Amount") and (x) such Amortization Requirement by (B) the sum of (y) the principal amount of this Fixed Rate Note then Outstanding (after giving effect to such prepayment) and (z) the Prepaid Amount; provided, however, that the remaining Amortization Requirements determined as set forth in this paragraph shall be rounded to the nearest integral multiple of $1.00, subject to further necessary adjustment so that the aggregate principal amount of such satisfaction of Amortization Requirements shall be equal to the Prepaid Amount, such adjustment to such Amortization Requirements to be made in the inverse order of the respective Amortization Dates corresponding thereto. In connection with such adjustments to Schedule 1 the Owner Trustee shall deliver to the Indenture Trustee, not later than 30 days prior to the next date on which a payment of principal of this Fixed Rate Note is due following such partial prepayment, a revised Schedule 1 hereto prepared by the Lessee and approved by the Owner Participant. The Indenture Trustee may rely on such revised Schedule 1 and shall have no duty with respect to the adjustments set forth therein other than to make it available for inspection by the Holder of this Fixed Rate Note.

The Holder hereof, by its acceptance of this Fixed Rate Note, agrees that each payment received by it hereunder shall be applied in the manner set forth in Section 3.11 of the Indenture. The Holder of this Fixed Rate Note agrees, by its acceptance

hereof, that it will duly note by appropriate means all payments of principal or interest made hereon and that it will not in any event transfer or otherwise dispose of this Fixed Rate Note unless and until all such notations have been duly made and the other requirements of the Indenture have been complied with.

This Fixed Rate Note is one of the Fixed Rate Notes referred to in the Indenture. The Indenture permits the issuance of additional series of Notes, as provided in Section 3.5 of the Indenture, and the several series may be for varying aggregate principal amounts and may have different maturity dates, interest rates, redemption provisions and other terms. The properties of the Owner Trustee included in the Lease Indenture Estate are pledged to the Indenture Trustee to the extent provided in the Indenture as security for the payment of the principal of and premium, if any, and interest on this Fixed Rate Note and all other Notes issued and outstanding from time to time under the Indenture. Reference is hereby made to the Indenture for a statement of the rights of the Holders of, and the nature and extent of the security for, this Fixed Rate Note and of the rights of, and the nature and extent of the security for, the Holders of the other Notes and of certain rights of the Owner Trustee, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions the Holder hereof agrees by its acceptance of this Fixed Rate Note.

This Fixed Rate Note is subject to purchase by the Owner Trustee as provided in Section 6.8(b) of the Indenture. This Fixed Rate Note is also subject to prepayment in full, at the principal amount hereof plus accrued interest to the date fixed for prepayment, in the event of the termination of the Lease pursuant to Section 13(f) or (g) or Section 14 thereof, or Section 10(b)(3)(ix) of the Participation Agreement, subject, however, except in the case of a termination pursuant to Section 14 of the Lease, to the right of the Lessee to assume this Fixed Rate Note on the Lease Termination Date, in which event there shall be no redemption of this Fixed Rate Note as a consequence of such termination.

In addition, this Fixed Rate Note may be prepaid in whole or in part at any time on or after _____ __, ____ at the following prepayment prices (expressed as a percentage of the principal amount hereof being prepaid), together with interest accrued to the date fixed for prepayment:

If Prepaid in the 12 Month Period Beginning January 15	Prepayment Price

and thereafter at the principal amount thereof, together with interest accrued to the date fixed for prepayment.

In the case an Indenture Event of Default shall occur and be continuing, the unpaid balance of the principal of this Fixed Rate Note and any other Notes, together with all accrued but unpaid interest thereon, may, subject to certain rights of the Owner Trustee and the Owner Participant contained or referred to in the Indenture, be declared or may become due and payable in the manner and with the effect provided in the Indenture.

The obligation of the Owner Trustee to pay the principal of and premium, if any, and interest on this Fixed Rate Note, and the lien of the Indenture or the Lease Indenture Estate, is subject to being legally discharged prior to the maturity of this Fixed Rate Note upon the deposit with the Indenture Trustee of cash or certain securities sufficient to pay this Fixed Rate Note when due in accordance with the terms of the Indenture.

There shall be maintained at the Indenture Trustee's Office a register for the purpose of registering transfers and exchanges of Notes in the manner provided in the Indenture. The transfer of this Fixed Rate Note is registrable, as provided in the Indenture, upon surrender of this Fixed Rate Note for registration of transfer duly accompanied by a written instrument of transfer duly executed by or on behalf of the registered Holder hereof, together with the amount of any applicable transfer taxes. The Owner Trustee and the Indenture Trustee may treat the person in whose name this Fixed Rate Note is registered as the owner hereof for the purpose of receiving payments of principal of and premium, if any, and interest on this Fixed Rate Note and for all other purposes whatsoever, whether or not this Fixed Rate Note be overdue, and neither the Owner Trustee nor the Indenture Trustee shall be affected by notice to the contrary.

This Fixed Rate Note shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the Corporate Owner Trustee has caused this Fixed Rate Note to be duly executed as of the date hereof.

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement

By: _____
Title:

This Fixed Rate Note is one of the series of Notes referred to therein and in the within-mentioned Indenture.

BANKERS TRUST COMPANY, not in its individual capacity, but solely as Corporate Indenture Trustee

By: _____
Title:

SCHEDULE 1

SCHEDULE OF PRINCIPAL AMORTIZATION

Payment Date	Principal Amount Payable	Principal Balance

Exhibit B-9

$435,102,000

SYSTEM ENERGY RESOURCES, INC.

GG1B Funding Corporation

UNDERWRITING AGREEMENT

Secured Lease Obligation Bonds

January 11, 1994

MORGAN STANLEY & CO. INCORPORATED
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

c/o MORGAN STANLEY & CO. INCORPORATED
1251 Avenue of the Americas

New York, New York 10020

Ladies and Gentlemen:

Each of the undersigned, System Energy Resources, Inc. (the "Company") and GG1B Funding Corporation (the "Funding Corporation"), hereby confirms its agreement with you, as underwriters (the "Underwriters", which term, when the context permits, shall also include any underwriters substituted as hereinafter in Section 12 provided), as follows:

SECTION 1. Introduction. The Funding Corporation proposes to issue and sell $356,056,000 in aggregate principal amount of its Secured Lease Obligation Bonds 7.43% Series due January 15, 2011 (the "Short Bonds") and $79,046,000 in aggregate principal amount of its Secured Lease Obligation Bonds 8.20% Series due January 15, 2014 (the "Long Bonds") (collectively, the "Bonds"; each of the Short Bonds and the Long Bonds sometimes being referred to herein as a "series" of Bonds) registered under the registration statement referred to in Section 4(a)(ii). The Bonds will be issued under a Collateral Trust Indenture dated as of January 1, 1994, as supplemented by Supplemental Indenture No. 1 thereto dated as of January 1, 1994, among the Funding Corporation, the Company and Bankers Trust Company, as trustee (the "Trustee") (such Collateral Trust Indenture, as so supplemented, the "Trust Indenture").

SECTION 2. Purchase and Sale. On the basis of the representations and warranties, and subject to the terms and conditions set forth in this agreement (the "Underwriting Agreement"), the Underwriters shall purchase from the Funding Corporation, severally and not jointly, and the Funding Corporation shall issue and sell to each of the Underwriters, the following principal amounts of the Bonds at the price (equal to the percentage of the principal amount thereof) indicated below, plus accrued interest thereon (if any) from the date of issuance to the date of payment for and delivery of the Bonds:

Short Bonds
Price: 100%

Name	Principal Amount
Morgan Stanley & Co. Incorporated	$118,686,000
Bear, Stearns & Co. Inc.	118,685,000
Goldman, Sachs & Co.	118,685,000

	$356,056,000

Long Bonds
Price: 100%

Name	Principal Amount
Morgan Stanley & Co. Incorporated	$ 26,349,000
Bear, Stearns & Co. Inc.	26,349,000
Goldman, Sachs & Co.	26,348,000

	$ 79,046,000

It is understood that the Underwriters will offer the Bonds for sale as set forth in the Prospectus (as hereinafter defined). Neither series of the Bonds shall be purchased hereunder unless both series are purchased.

Concurrently with such purchase, issuance and sale, the Company will pay, or cause to be paid, to the Underwriters in same day funds an underwriting commission of .750% of the principal amount thereof ($2,670,420) in respect of the Short Bonds and an underwriting commission of .875% of the principal amount thereof ($691,652) in respect of the Long Bonds.

SECTION 3. Description of Bonds. The Bonds and the Trust Indenture shall have the terms and provisions described in the Prospectus, provided that, subsequent to the date hereof and prior to the Closing Date, the form of Trust Indenture (including Supplemental Indenture No. 1 thereto) may be amended by mutual agreement among the Funding Corporation, the Company and the Underwriters.

SECTION 4. Representations and Warranties of the Company and the Funding Corporation. (a) The Company represents and warrants to each of the Underwriters that:

(i) The Company is duly organized and validly existing as a corporation in good standing under the laws of the State of Arkansas and has the necessary corporate power and authority to conduct the business which it is described in the Prospectus as conducting and to own and operate the properties owned and operated by it in such business.

(ii) The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (File No. 33-51175) for the

registration of $435,102,000 principal amount of the Funding Corporation's Secured Lease Obligation Bonds under the Securities Act of 1933, as amended (the "Securities Act"), and the registration statement has become effective. The prospectus forming a part of the registration statement, at the time such registration statement became effective, including all documents incorporated by reference therein at that time pursuant to Item 12 of Form S-3, is hereinafter referred to as the "Basic Prospectus". In the event that the Basic Prospectus shall have been amended, revised or supplemented prior to the time of effectiveness of the Underwriting Agreement, and with respect to any documents filed by the Company pursuant to Section 13 or 14 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), after the time the registration statement initially became effective and up to the time of effectiveness of the Underwriting Agreement, which documents are deemed to be incorporated by reference in the Basic Prospectus, the term "Basic Prospectus" as used herein shall also mean such prospectus as so amended, revised or supplemented. The registration statement as it initially became effective and as it may have been amended by any amendment thereto included in the Basic Prospectus (including for these purposes as an amendment any document incorporated by reference in the Basic Prospectus) and the Basic Prospectus as it shall be supplemented to reflect the terms of offering and sale of the Bonds by a prospectus supplement ("Prospectus Supplement") to be filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Securities Act ("Rule 424"), are hereinafter referred to as the "Registration Statement" and the "Prospectus," respectively. After the time of effectiveness of the Underwriting Agreement and during the time specified in Section 7(d), the Company will not file (i) any amendment to the Registration Statement or supplement to the Prospectus or (ii) prior to the time that the Prospectus is filed with, or transmitted for filing to, the Commission pursuant to Rule 424, any document which is to be incorporated by reference in, or any supplement to (including the Prospectus Supplement), the Basic Prospectus, in either case, without prior notice to the Underwriters and to Winthrop, Stimson, Putnam & Roberts ("Counsel for the Underwriters"), or any such amendment or supplement to which said Counsel shall reasonably object on legal grounds in writing. For purposes of the Underwriting Agreement, any document which is filed with the Commission after the time of effectiveness of the Underwriting Agreement and is incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 shall be deemed a supplement to the Prospectus.

(iii) The Registration Statement, at the time of its

effectiveness, fully complied, and the Prospectus, at the time it is first filed with, or transmitted for filing to, the Commission pursuant to Rule 424 and at the Closing Date (hereinafter defined) as it may then be amended or supplemented, will fully comply, in all material respects with the applicable provisions of the Securities Act and the Trust Indenture Act of 1939, as amended (the "TIA"), and the applicable rules and regulations of the Commission thereunder or pursuant to said rules and regulations are or will be deemed to comply therewith. The documents incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3, on the date first filed with the Commission pursuant to the Exchange Act, fully complied or will fully comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations of the Commission thereunder or pursuant to said rules and regulations are or will be deemed to comply therewith. On the later of (i) the date that the Registration Statement or any post-effective amendment thereto was or is declared effective by the Commission under the Securities Act and (ii) the date that the Company's most recent Annual Report on Form 10-K was filed with the Commission under the Exchange Act, the Registration Statement did not or will not, as the case may be, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. At the time the Prospectus is filed with, or transmitted for filing to, the Commission pursuant to Rule 424 and at the Closing Date (hereinafter defined), the Prospectus, as it may be amended or supplemented, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. On said dates and at such times, the documents then incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 when read together with the Prospectus, or the Prospectus as it may then be amended or supplemented, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading. The foregoing representations and warranties in this subsection (iii) shall not apply to statements in or omissions from the Registration Statement or the Prospectus, as they may be amended or supplemented, made in reliance upon and in conformity with information furnished herein or in writing to the Company by or through any Underwriter specifically for use in connection with the preparation of the Registration Statement or the Prospectus or any amendment or supplement thereto or to statements in, or omissions from,

the statements of eligibility, as they may be amended, under the TIA of the Trustee and of Stanley Burg.

(iv) Each of (A) the Participation Agreements and the Leases (as defined in the Prospectus), (B) the Purchase Documents, the Plant Agreements, the Ground Leases and the Assignment and Assumption Agreements (as defined in the Participation Agreements), (C) the Trust Indenture, and (D) the Refunding Agreements Nos. 1-A and 2-A, dated as of January 1, 1994, among the Funding Corporation, the Company, the Owner Participant named therein, Meridian Trust Company, Stephen J. Kaba, Bankers Trust Company and Stanley Burg (the "Refunding Agreements") (the documents described in clauses (A) through (D) above, as they each may be amended or supplemented as of the Closing Date, being collectively referred to herein as the "Transaction Documents") has been or, as of the Closing Date, will be duly authorized, executed and delivered by the Company and, assuming the due authorization, execution and delivery thereof by each other party thereto, constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, except as limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws affecting creditors' rights and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and subject to any principles of public policy limiting the right to enforce the indemnification provisions contained herein.

(v) The issuance and sale of the Bonds and the fulfillment of the terms of the Underwriting Agreement will not result in a breach of any of the terms or provisions of, or constitute a default under, the Trust Indenture or any other indenture, mortgage, deed of trust or other agreement or instrument to which the Company is now a party.

(vi) Except as set forth or contemplated in the Prospectus, as it may be amended or supplemented, the Company has obtained all material licenses, permits, and other governmental or regulatory authorizations currently required for the conduct of its business (including, without limitation, the performance of its current obligations under the Transaction Documents), and is in all material respects complying therewith, and the Company is not aware of any fact that would lead it to believe that any material license, permit or other governmental or regulatory authorization would not remain in effect or be renewed in its ordinary course of business.

(vii) It is not necessary for the Funding Corporation to

register as an investment company pursuant to the Investment Company Act of 1940 in order to participate in the transactions contemplated by the Prospectus.

(b) The Funding Corporation represents and warrants to each of the Underwriters that each of the Participation Agreements, the Refunding Agreements, the Trust Indenture and the Bonds has been or, as of the Closing Date (hereinafter defined), will be duly authorized, executed and delivered by the Funding Corporation and, assuming the due authorization, execution, authentication and delivery thereof by each other party thereto, constitutes a legal, valid and binding obligation of the Funding Corporation enforceable against it in accordance with its terms, except as limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws affecting creditors' rights and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and subject to any principles of public policy limiting the right to enforce the indemnification provisions contained herein.

SECTION 5. Offering. The Company is advised by the Underwriters that they propose to make a public offering of their respective portions of the Bonds of each series as soon after the Underwriting Agreement has become effective as in their judgment is advisable. The Company is further advised by the Underwriters that the Bonds are to be offered to the public at the respective public offering prices set forth below (expressed as percentages of the principal amount of the Bonds) plus accrued interest from the date of issuance to the date of delivery. The Bonds may also be offered to certain dealers selected by the Underwriters at prices which represent concessions under the public offering prices, and any Underwriter may allow, and such dealers may reallow, concessions not in excess of the principal amount of the Bonds to certain other dealers, all as indicated below (expressed as percentages of the principal amount of the Bonds):

	Public Offering Price	Concession	Reallowance
Short Bonds	100%	.45%	.25%
Long Bonds	100%	.50%	.25%

SECTION 6. Time and Place of Closing. Delivery of the Bonds and payment therefor by wire transfer or check or checks payable to the Funding Corporation in same day funds shall be made at the offices of Reid & Priest, 40 West 57th Street, New York, New York, at 10:00 A.M., New York time, on January 18, 1994, or at such other time on the same or such other day as

shall be agreed upon by the Company and Morgan Stanley & Co. Incorporated. The hour and date of such delivery and payment are herein called the "Closing Date."

The Bonds shall be delivered to you in such authorized denominations and registered in such names as Morgan Stanley & Co. Incorporated may request in writing by the close of business at least three business days prior to the Closing Date or, to the extent not so requested, in the names of the Underwriters in such denominations as the Company shall determine. The Company agrees to make the Bonds available to the Underwriters for checking not later than 2:30 P.M., New York time, on the last business day preceding the Closing Date at such place as may be agreed upon between Morgan Stanley & Co. Incorporated and the Company, or at such other time and/or date as may be agreed upon between Morgan Stanley & Co. Incorporated and the Company.

SECTION 7. Covenants of the Funding Corporation and the Company. Each of the Funding Corporation and the Company covenants and agrees with the several Underwriters that:

(a) Not later than the Closing Date, the Company will deliver to the Underwriters a copy of the Registration Statement relating to the Bonds as originally filed including the related prospectus and of all amendments or supplements thereto, certified by an officer of the Company to be in the form filed.

(b) The Company will deliver to the Underwriters as many copies of the Prospectus (and any amendments or supplements thereto) as the Underwriters may reasonably request.

(c) The Company will cause the Prospectus to be filed with, or transmitted for filing to, the Commission pursuant to Rule 424(b) within the time period required by Section 8(a) hereof. The Company or the Funding Corporation will advise the Underwriters promptly of the issuance of any stop order under the Securities Act with respect to the Registration Statement or the institution of any proceedings therefor of which the Funding Corporation or the Company shall have received notice. Each of the Funding Corporation and the Company will use its best efforts to prevent the issuance of any such stop order and to secure the prompt removal thereof if issued.

(d) During such period of time after this Underwriting Agreement has become effective as the Underwriters are required by law to deliver a prospectus relating to the Bonds, if any event relating to or affecting the Company or the Funding Corporation, or of which the Company shall be

advised by you in writing, shall occur which in the Company's opinion should be set forth in a supplement or amendment to the Prospectus in order to make the Prospectus not misleading in the light of the circumstances when it is delivered to a purchaser of the Bonds, the Company will amend or supplement, or cause to be amended or supplemented, the Prospectus by either (i) preparing and filing with the Commission and furnishing to the Underwriters a reasonable number of copies of a supplement or supplements or an amendment or amendments to the Prospectus, or (ii) making an appropriate filing pursuant to Section 13 or 14 of the Exchange Act, which will supplement or amend the Prospectus, so that, as supplemented or amended, it will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading; provided that, unless such event relates solely to the activities of the Underwriters (in which case the Underwriters shall assume the expense of preparing any such amendment or supplement), the expenses of complying with this Section 7(d) shall be borne by the Company until the expiration of nine months from the initial effective date of the Registration Statement and such expenses shall be borne by the Underwriters thereafter.

(e) The Company will make generally available to its security holders, as soon as practicable, an earning statement (which need not be audited) covering a period of at least twelve months beginning after the "effective date of the registration statement" within the meaning of Rule 158 under the Securities Act, which earning statement shall be in such form, and be made generally available to security holders in such a manner, so as to meet the requirements of the last paragraph of Section 11(a) of the Securities Act and Rule 158 under the Securities Act.

(f) At any time within six months of the date hereof, the Company and the Funding Corporation will furnish such proper information as may be lawfully required and otherwise cooperate in qualifying the Bonds for offer and sale under the "blue-sky" laws of such jurisdictions as the Underwriters may reasonably designate, provided, that neither the Funding Corporation nor the Company shall be required to qualify as a foreign corporation or dealer in securities, to file any consents to service of process under the laws of any jurisdiction, or to meet any other requirements deemed by it to be unduly burdensome.

(g) The Company will, except as herein provided, pay or cause to be paid all expenses and taxes (except transfer

taxes) in connection with (i) the preparation and filing of the Registration Statement, (ii) the printing, issuance and delivery of the Bonds and the preparation, execution, printing and recordation of the Trust Indenture, (iii) legal fees and expenses relating to the qualification of the Bonds under the "blue-sky" laws of various jurisdictions and the determination of the eligibility of the Bonds for investment under the laws of various jurisdictions in an amount not to exceed $20,000, (iv) the printing and delivery to the Underwriters of reasonable quantities of copies of the Registration Statement, the Basic Prospectus, the Preliminary Blue Sky Survey, any Preliminary Legality Memorandum and the Prospectus and any amendment or supplement thereto, except as otherwise provided in paragraph (d) of this Section, (v) fees of the rating agencies in connection with the ratings of the Bonds, (vi) fees (if any) of the National Association of Securities Dealers, Inc. ("NASD") in connection with its review of the terms of the offering and (vii) the procurement by the Underwriters of same day funds for the payment of the purchase price for the Bonds as required by Section 6 of this Underwriting Agreement. Except as provided above, the Company shall not be required to pay any amount for any expenses of the Underwriters, except that, if this Underwriting Agreement shall be terminated in accordance with the provisions of Section 8, 9 or 13, the Company will reimburse the Underwriters for (i) reasonable fees and expenses of Counsel for the Underwriters, whose fees and expenses the Underwriters agree to pay in any other event, and (ii) reasonable out-of-pocket expenses, in an amount not exceeding in the aggregate $15,000, incurred in contemplation of the performance of this Underwriting Agreement. The Company shall not in any event be liable to the Underwriters for damages on account of loss of anticipated profits.

SECTION 8. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Bonds shall be subject to the accuracy on the date hereof and on the Closing Date of the representations and warranties made herein on the part of the Funding Corporation and the Company and to the following conditions:

(a) The Prospectus shall have been filed with, or transmitted for filing to, the Commission pursuant to Rule 424 prior to 5:30 p.m., New York time, on the second business day following the date of this Underwriting Agreement, or such other time and date as may be agreed upon by the Company and the Underwriters.

(b) No stop order suspending the effectiveness of the

Registration Statement shall be in effect at or prior to the Closing Date; no proceedings for such purpose shall be pending before, or, to the knowledge of the Funding Corporation, the Company or the Underwriters, threatened by, the Commission on the Closing Date; and the Underwriters shall have received a certificate, dated the Closing Date and signed by the President, a Vice President or the Treasurer of each of the Funding Corporation and the Company to the effect that no such stop order has been or is in effect and that no proceedings for such purpose are pending before, or, to the knowledge of the Funding Corporation or the Company, respectively, threatened by, the Commission.

(c) At the Closing Date there shall be in full force and effect an order or orders of the Commission under the Public Utility Holding Company Act of 1935, as amended (the "Holding Company Act"), authorizing the issuance and sale of the Bonds on the terms set forth in or contemplated by this Underwriting Agreement, the Trust Indenture and the Prospectus.

(d) At the Closing Date, the Underwriters shall have received from Wise Carter Child & Caraway, Professional Association; Reid & Priest; and Friday, Eldredge & Clark, as counsel to the Company; and Reid & Priest, as counsel to the Funding Corporation, opinions, dated the Closing Date, substantially in the forms set forth in Exhibits A, B, C and D hereto, respectively, (i) with such changes therein as may be agreed upon by the Company and the Underwriters with the approval of Counsel for the Underwriters, and (ii) if the Prospectus shall be supplemented after being furnished to the Underwriters for use in offering the Bonds, with changes therein to reflect such supplementation.

(e) At the Closing Date, the Underwriters shall have received from Counsel for the Underwriters an opinion, dated the Closing Date, substantially in the form set forth in Exhibit E hereto, with such changes therein as may be necessary to reflect any supplementation of the Prospectus prior to the Closing Date.

(f) On or prior to the effective date of this Underwriting Agreement, the Underwriters shall have received from Deloitte & Touche a letter dated the date hereof and addressed to the Underwriters to the effect that (i) they are independent certified public accountants with respect to the Company within the meaning of the Securities Act and the applicable published rules and regulations thereunder; (ii) in their opinion, the financial statements and financial statement schedules audited by them and included or incorporated by reference in the Prospectus comply as to

form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the related published rules and regulations thereunder; (iii) on the basis of performing the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in SAS No. 71, Interim Financial Information, on the latest unaudited financial statements included or incorporated by reference in the Prospectus, a reading of the latest available interim unaudited financial statements of the Company, the minutes of the meetings of the Board of Directors of the Company, the Executive Committee thereof, if any, and the stockholder of the Company, since December 31, 1992 to a specified date not more than five business days prior to the date of such letter, and inquiries of officers of the Company who have responsibility for financial and accounting matters (it being understood that the foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards and they would not necessarily reveal matters of significance with respect to the comments made in such letter, and accordingly that Deloitte & Touche make no representations as to the sufficiency of such procedures for the Underwriters' purposes), nothing has come to their attention which caused them to believe that (A) the unaudited financial statements of the Company included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the related published rules and regulations thereunder; (B) any material modifications should be made to said unaudited financial statements for them to be in conformity with generally accepted accounting principles and (C) at a specified date not more than five business days prior to the date of the letter, there was any change in the capital stock or long-term debt of the Company, or decrease in its net assets, in each case as compared with amounts shown in the most recent balance sheet incorporated by reference in the Prospectus, except in all instances for changes or decreases which the Prospectus discloses have occurred or may occur, for declarations of dividends, for the repayment or redemption of long-term debt, for the amortization of premium or discount on long-term debt or for changes or decreases as set forth in such letter, identifying the same and specifying the amount thereof; and (iv) stating that they have compared specific dollar amounts, percentages of revenues and earnings and other financial information pertaining to the Company included or incorporated by reference in the Prospectus and specified in Exhibit F hereto to the extent that such amounts, numbers, percentages and information may be derived from the general

accounting records of the Company, and excluding any questions requiring an interpretation by legal counsel, with the results obtained from the application of specified readings, inquiries and other appropriate procedures (which procedures do not constitute an examination in accordance with generally accepted auditing standards) set forth in the letter, and found them to be in agreement.

(g) At the Closing Date, the Underwriters shall have received (i) certificates, dated the Closing Date and signed by the President or a Vice President of each of the Funding Corporation and the Company, respectively, to the effect that (A) the representations and warranties of the Funding Corporation and the Company, as the case may be, contained herein are true and correct, and (B) each of the Funding Corporation and the Company has performed and complied with all agreements and conditions in this Underwriting Agreement on its part to be performed or complied with at or prior to the Closing Date, (ii) a certificate, dated the Closing Date and signed by the President or a Vice President of the Company that since the most recent date as of which information is given in the Prospectus, there has not been any material adverse change in the business, property or financial condition of the Company and there has not been any material transaction entered into by the Company, other than transactions in the ordinary course of business, in each case other than as referred to in, or contemplated by, such Prospectus; and (iii) a certificate, dated the Closing Date and signed by the President, a Vice President or the Treasurer of Entergy or the Vice President Financial Strategies of Entergy Services, Inc., to the effect that since the most recent date as of which information is given in the Prospectus, there has not been any material adverse change in the business, property or financial condition of Entergy and its subsidiaries considered as a whole.

(h) At the Closing Date, the Underwriters shall have received from Deloitte & Touche a letter, dated the Closing Date, confirming, as of a date not more than five days prior to the Closing Date the statements contained in the letter delivered pursuant to Section 8(f) hereof.

(i) Between the date hereof and the Closing Date, no Default (or an event which, with the giving of notice or the passage of time or both, would constitute a Default) under the Lease, the Lease Indenture (as defined in the Prospectus) or the Trust Indenture shall have occurred.

(j) Between the date hereof and the Closing Date, no other event shall have occurred with respect to or otherwise affecting the Company, or the Entergy System as a whole as

it affects the Company, which, in the reasonable opinion of the Underwriters, materially impairs the investment quality of the Bonds.

(k) Between the date hereof and the Closing Date, neither Moody's Investors Service, Inc. nor Standard and Poor's Corporation shall have lowered its ratings of the Bonds or the Company's First Mortgage Bonds in any respect.

(l) The Bonds shall, upon delivery to the Underwriters in accordance with this Underwriting Agreement, be secured by notes in accordance with the Trust Indenture; the conditions precedent to a refunding, as set forth in the Participation Agreement (including, without limitation, Sections 2(d) and 11(c) thereof) and the Refunding Agreements (including, without limitation, Section 5 thereof), shall have been met prior to the issuance and delivery of such notes, with none of such conditions precedent having been waived by the Funding Corporation, the Company or the Trustee without the consent of the Underwriters.

(m) The opinions of counsel required to be delivered by the first two sentences of Section 11(c)(6) of the Participation Agreement as a condition precedent to a refunding shall also be addressed and delivered to the Underwriters, except for the opinions of Special NRC Counsel and Special Mississippi Counsel to the Owner Participants and the opinion of the Lessee's Special Louisiana Counsel, all as described and/or defined in the Participation Agreement, it being understood that such opinions of counsel may be confirmations by counsel of opinions previously delivered by such counsel in connection with the transactions described in or contemplated by the Participation Agreement, provided that such confirmations of opinions shall be dated the Closing Date, shall confirm the previously delivered opinions as of the Closing Date, and shall either be addressed to the Underwriters or shall state that the Underwriters may rely upon the previously delivered opinions, as so confirmed, as if addressed to them.

(n) The opinions of counsel required to be delivered to the Trustee pursuant to Section 2.04(e) of the Trust Indenture shall also be addressed and delivered to the Underwriters.

(o) All legal matters in connection with the issuance and sale of the Bonds shall be satisfactory in form and substance to Counsel for the Underwriters.

The Funding Corporation and the Company will furnish

the Underwriters with such conformed copies of such opinions, certificates, letters and documents as may be reasonably requested.

If any of the conditions specified in this Section shall not have been fulfilled, this Underwriting Agreement may be terminated by the Underwriters upon notice thereof to the Company. Any such termination shall be without liability of any party to the other party, except as otherwise provided in paragraph (g) of Section 7 and Section 11.

SECTION 9. Conditions of the Obligations of the Funding Corporation and the Company. The obligations of the Funding Corporation and the Company hereunder shall be subject to the following conditions:

(a) The Prospectus shall have been filed with, or transmitted for filing to, the Commission pursuant to Rule 424 prior to 5:30 p.m., New York time, on the second business day following the date of this Underwriting Agreement, or such other time and date as may be agreed upon by the Company and the Underwriters.

(b) No stop order suspending the effectiveness of the Registration Statement shall be in effect at or prior to the Closing Date, and no proceedings for that purpose shall be pending before, or threatened by, the Commission on the Closing Date.

(c) At the Closing Date there shall be in full force and effect an order or orders of the Commission under the Holding Company Act authorizing the issuance and sale of the Bonds on the terms set forth in or contemplated by this Underwriting Agreement, the Trust Indenture and the Prospectus.

In case any of the conditions specified in this Section shall not have been fulfilled, this Underwriting Agreement may be terminated by the Company upon notice thereof to Morgan Stanley & Co. Incorporated, provided that, in the case of paragraph (a) above, the Company and the Funding Corporation shall have used their best efforts to comply with the requirements of Rule 424. Any such termination shall be without liability of any party to the other party, except as otherwise provided in paragraph (g) of Section 7 and Section 11.

SECTION 10. Indemnification.

(a) The Company shall indemnify, defend and hold harmless each Underwriter and each person who controls each Underwriter within the meaning of Section 15 of the Securities

Act from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or any other statute or common law and shall reimburse each such Underwriter and controlling person for any legal or other expenses (including to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as amended or supplemented, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, or upon an untrue statement or alleged untrue statement of a material fact contained in the Basic Prospectus (if used prior to the time the Prospectus is filed with the Commission pursuant to Rule 424), or in the Prospectus, as amended or supplemented (if any amendments or supplements shall have been made), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the indemnity agreement contained in this paragraph shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission, if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by such Underwriter specifically for use in connection with the preparation of the Basic Prospectus (if used prior to the date the Prospectus is filed with, or transmitted for filing to, the Commission pursuant to Rule 424) or the Registration Statement or the Prospectus or any amendment or supplement to any thereof or arising out of or based upon statements in or omissions from that part of the Registration Statement that constitutes the statements of eligibility under the TIA of the Trustee and Stanley Burg; and provided further, that the indemnity agreement contained in this subsection shall not inure to the benefit of any Underwriter or of any person controlling any Underwriter on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of the Bonds to any person in respect of the Basic Prospectus or the Prospectus, as supplemented or amended (excluding in both cases, however, any document then incorporated or deemed incorporated by reference therein pursuant to Item 12 of Form S-3), furnished by an Underwriter to a person to whom any of the Bonds were sold, insofar as such indemnity relates to any untrue or misleading statement or omission made in the Basic Prospectus or the Prospectus but eliminated or remedied prior to the consummation of such sale in the Prospectus, or any amendment

or supplement thereto furnished pursuant to Section 7(d) hereof, respectively, unless a copy of the Prospectus (in the case of such a statement or omission made in the Basic Prospectus) or such amendment or supplement (in the case of such a statement or omission made in the Prospectus) (excluding, however, any document then incorporated or deemed incorporated by reference in the Prospectus or such amendment or supplement) is furnished by such Underwriter to such person (i) with or prior to the written confirmation of the sale involved or (ii) as soon as available after such written confirmation.

(b) Each Underwriter shall indemnify, defend and hold harmless the Company, its directors and officers and each person who controls the foregoing within the meaning of Section 15 of the Securities Act, from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act or any other statute or common law and shall reimburse each of them for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any action, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as amended or supplemented, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, or upon an untrue statement or alleged untrue statement of a material fact contained in the Basic Prospectus (if used prior to the date the Prospectus is filed with, or transmitted for filing to, the Commission pursuant to Rule 424), or in the Prospectus, as amended or supplemented (if any amendments or supplements thereto shall have been furnished), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case, if, but only if, such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by such Underwriter specifically for use in connection with the preparation of the Basic Prospectus (if used prior to the date the Prospectus is filed with or transmitted for filing to the Commission pursuant to Rule 424), the Registration Statement or the Prospectus, or any amendment or supplement thereto.

(c) In case any action shall be brought, based upon the Registration Statement, the Basic Prospectus or the Prospectus (including amendments or supplements thereto), against any party or parties in respect of which indemnity may be sought pursuant to any of the preceding paragraphs, such party or

parties (hereinafter called the indemnified party) shall promptly notify the party or parties against whom indemnity shall be sought hereunder (hereinafter called the indemnifying party) in writing, and the indemnifying party shall have the right to participate at its own expense in the defense or, if it so elects, to assume (in conjunction with any other indemnifying party) the defense thereof, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses. If the indemnifying party shall elect not to assume the defense of any such action, the indemnifying party shall reimburse the indemnified party for the reasonable fees and expenses of any counsel retained by such indemnified party. Such indemnified party shall have the right to employ separate counsel in any such action in which the defense has been assumed by the indemnifying party and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of counsel has been specifically authorized by the indemnifying party or (ii) the named parties to any such action (including any impleaded parties) include each of such indemnified party and the indemnifying party and such indemnified party shall have been advised by such counsel that a conflict of interest between the indemnifying party and such indemnified party may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and the indemnified party (it being understood, however, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for such indemnified party (plus any local counsel retained by such indemnified party in its reasonable judgment), which separate firm (or firms), in the case of the Underwriters being the indemnified parties, shall be designated in writing by Morgan Stanley & Co. Incorporated). The indemnified party shall be reimbursed for all such fees and expenses as they are incurred. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if any such action is settled with the consent of the indemnifying party or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless the indemnified party from and against any loss or liability by reason of such settlement or judgment. An indemnifying party shall not, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened litigation, proceeding or claim in respect of which indemnity has been properly sought by any indemnified party or by any person controlling any indemnified party hereunder, unless such settlement includes an unconditional release of such indemnified party or such person controlling any indemnified party from all liability with respect to claims which

are the subject matter of such litigation, proceeding or claim.

(d) If the indemnification provided for under subsections (a), (b) or (c) in this Section 10 is unavailable to an indemnified party in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Underwriters from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (after deducting underwriting discounts and commissions but before deducting expenses) to the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable to an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10(d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Bonds underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such

untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 10(d) are several in proportion to their respective underwriting obligations and not joint.

SECTION 11. Survival of Certain Representations and Obligations. Any other provision of this Underwriting Agreement to the contrary notwithstanding, the indemnity and contribution agreements contained in Section 10 and the representations and warranties and other agreements of the Funding Corporation and the Company contained in this Underwriting Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Funding Corporation or the Company, its directors or officers or the person controlling the Company and (ii) acceptance of and payment for the Bonds. In addition, the indemnity and contribution agreements contained in Section 10 shall remain operative and in full force and effect regardless of any termination of this Underwriting Agreement.

SECTION 12. Default of Underwriters. If any Underwriter shall fail or refuse (otherwise than for some reason sufficient to justify, in accordance with the terms hereof, the cancellation or termination of its obligations hereunder) to purchase and pay for the principal amount of Bonds which it has agreed to purchase and pay for hereunder, and the aggregate principal amount of Bonds which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Bonds, the other Underwriters shall be obligated severally in the proportions which the amounts of Bonds set forth opposite their names in Section 2 hereof bear to the aggregate principal amount of Bonds set forth opposite the names of all such non-defaulting Underwriters, to purchase the Bonds which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase; provided that in no event shall the principal amount of Bonds which any Underwriter has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 12 by an amount in excess of one-ninth of such principal amount of Bonds without the written consent of such Underwriter. If any Underwriter or Underwriters shall fail or refuse to purchase Bonds and the aggregate principal amount of Bonds with respect to which such default occurs is more than one-tenth of the aggregate principal amount of the Bonds the Company shall have the right (a) to require such non-defaulting Underwriters to purchase and pay for the respective principal amounts of Bonds that they had

severally agreed to purchase hereunder, as hereinabove provided, and, in addition, the principal amount of Bonds that the defaulting Underwriter or Underwriters shall have so failed to purchase up to a principal amount thereof equal to one-ninth of the respective principal amounts of Bonds that such non-defaulting Underwriters have otherwise agreed to purchase hereunder, and/or (b) to procure one or more others, members of the NASD (or, if not members of the NASD, who are foreign banks, dealers or institutions not registered under the Exchange Act and who agree in making sales to comply with the NASD's Rules of Fair Practice), to purchase, upon the terms herein set forth, the principal amount of Bonds that such defaulting Underwriter or Underwriters had agreed to purchase, or that portion thereof that the remaining Underwriters shall not be obligated to purchase pursuant to the foregoing clause(a). In the event the Company shall exercise its rights under clause (a) and/or (b) above, the Company shall give written notice thereof to the Underwriters within 24 hours (excluding any Saturday, Sunday or legal holiday) of the time when the Company learns of the failure or refusal of any Underwriter or Underwriters to purchase and pay for its respective principal amount of Bonds, and thereupon the Closing Date shall be postponed for such period, not exceeding three business days,as the Company shall determine. In the event the Company shall be entitled to but shall not elect (within the time period specified above) to exercise its rights under clause (a) and/or (b), the Company shall be deemed to have elected to terminate the Underwriting Agreement. In the absence of such election by the Company, this Underwriting Agreement will, unless otherwise agreed by the Company and the non-defaulting Underwriters, terminate without liability on the part of any non-defaulting party except as otherwise provided in paragraph (g) of Section 7 and in Section 11. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of its default under this Underwriting Agreement.

SECTION 13. Termination. This Underwriting Agreement shall be subject to termination by notice given by Morgan Stanley & Co. Incorporated to the Company and the Funding Corporation, if (a) after the execution and delivery of this Underwriting Agreement and prior to the Closing Date (i) trading generally shall have been suspended on the New York Stock Exchange by the New York Stock Exchange, the Commission or other governmental authority, (ii) minimum or maximum ranges for prices shall have been generally established on the New York Stock Exchange by the New York Stock Exchange, the Commission or other governmental authority, (iii) a general moratorium on commercial banking activities shall have been declared by either Federal or New York State authorities, or (iv) there shall have occurred any material outbreak or escalation of hostilities or any calamity or crisis

that, in the Underwriters' judgment, is material and adverse and (b) in the case of any of the events specified in clauses (a) (i) through (iv), such event singly or together with any other such event makes it, in the reasonable judgment of the Underwriters impracticable to market the Bonds. Any termination hereof, pursuant to this Section 13, shall be without liability of any party to any other party, except as otherwise provided in paragraph (g) of Section 7 and in Section 11.

SECTION 14. Miscellaneous. THIS UNDERWRITING AGREEMENT SHALL BE A NEW YORK CONTRACT AND ITS VALIDITY AND INTERPRETATION SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. This Underwriting Agreement shall become effective when a fully executed copy thereof is delivered to the Company and Morgan Stanley & Co. Incorporated. This Underwriting Agreement may be executed in any number of separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which, taken together, shall constitute but one and the same agreement. This Underwriting Agreement shall inure to the benefit of each of the Company, the Funding Corporation, the Underwriters and, with respect to the provisions of Section 10, each director, officer and controlling person referred to in Section 10, and their respective successors. Should any part of this Underwriting Agreement for any reason be declared invalid, such declaration shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Underwriting Agreement had been executed with the invalid portion thereof eliminated. Nothing herein is intended or shall be construed to give to any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of any provision in this Underwriting Agreement. The term "successor" as used in this Underwriting Agreement shall not include any purchaser, as such purchaser, of any Bonds from the Underwriters.

SECTION 15. Notices. All communications hereunder shall be in writing and, if to the Underwriters, shall be mailed or delivered to Morgan Stanley & Co. Incorporated at the address set forth at the beginning of this Underwriting Agreement (to the attention of the General Counsel), if to the Company, shall be mailed or delivered to it at 1340 Echelon Parkway, Jackson, Mississippi 39213, Attention: Vice President - Financial Strategies or, if to the Funding Corporation, shall be mailed or delivered to it c/o National Corporate Research, Ltd., 15 North Street, City of Dover, County of Kent, State of Delaware, 19901, Attention: Joseph Mirrione, with a copy to Peter O'Brien, Reid & Priest, 40 W. 57th Street, New York, NY 10019.

Very truly yours,

GG1B Funding Corporation

By:
Name:
Title:

SYSTEM ENERGY RESOURCES, INC.

By: /s/ Glenn E. Harder
Name: Glenn E. Harder
Title: Vice President - Financial Strategies and Treasurer

By:
Attorney-in-fact

Accepted as of the date first above written:

MORGAN STANLEY & CO. INCORPORATED
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

By: MORGAN STANLEY & CO. INCORPORATED

By:
Name:
Title:

EXHIBIT A

[Letterhead of Wise Carter Child & Caraway]

MORGAN STANLEY & CO. INCORPORATED
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

c/o MORGAN STANLEY & CO. INCORPORATED
1251 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

We, together with Reid & Priest, of New York, N.Y., have acted as counsel for System Energy Resources, Inc. (the "Company") in connection with the sale to you, the several Underwriters, pursuant to and subject to the conditions of the Underwriting Agreement, effective (the "Underwriting Agreement"), among GG1B Funding Corporation (the "Funding Corporation"), the Company and you, of $_____ aggregate principal amount of the Funding Corporation's Secured Lease Obligation Bonds _____% Series due ____ and $_____ aggregate principal amount of its Secured Lease Obligation Bonds _____% Series due ____ (the "Bonds"). The Bonds are being issued pursuant to the Collateral Trust Indenture dated as of , as amended by Supplemental Indenture No. 1 thereto, dated as of (the Collateral Trust Indenture, as so amended being hereinafter referred to as the "Trust Indenture"), among the Funding Corporation, the Company and Bankers Trust Company, as trustee (the "Trustee"). This opinion is being delivered to you pursuant to Section 8(d) of the Underwriting Agreement.

In our capacity as such counsel, we have either participated in the preparation of or have examined and are familiar with: (a) the Company's Amended and Restated Articles of Incorporation and By-Laws, as amended; (b) the Underwriting Agreement; (c) the Trust Indenture; (d) the Registration Statement and Prospectus (such terms having the same meaning

herein as in the Underwriting Agreement) filed under the Securities Act of 1933, as amended (the "Securities Act"); (e) the documents incorporated by reference in the Registration Statement and Prospectus; (f) the records of various corporate proceedings relating to the authorization, issuance and sale of the Bonds by the Funding Corporation and the execution and delivery by the Company of the Trust Indenture and the Underwriting Agreement and (g) the proceedings before the Securities and Exchange Commission (the "Commission") under the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), relating to the issuance and sale of the Bonds by the Funding Corporation and the execution and delivery by the Company of the Trust Indenture and the Underwriting Agreement. We have also examined or caused to be examined such other documents and have satisfied ourselves as to such other matters as we have deemed necessary in order to render this opinion. We have not examined the Bonds, except a specimen thereof, and we have relied upon a certificate of the Trustee under the Trust Indenture as to the authentication and delivery thereof.

Based upon the foregoing, and subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

(1) The Company is duly organized and validly existing as a corporation in good standing under the laws of the State of Arkansas, has due corporate power and authority to conduct the business which it is described as conducting in the Prospectus and to own and operate the properties owned and operated by it in such business and is duly qualified to conduct such business in the States of Arkansas and Mississippi.

(2) The Trust Indenture has been duly and validly authorized by all necessary corporate action on the part of the Company, has been duly and validly executed and delivered by the Company, is a legal, valid and binding instrument of the Company enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and has been duly qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), and no proceedings to suspend the such qualification have been instituted or, to our knowledge, threatened by the Commission.

(3) The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.

(4) The statements made in the Prospectus under the captions "Selected Information", "Selected Information Relating to the Bonds", "Certain Terms of the Bonds", "Security and Source of Payment for the Bonds", "Description of the Bonds and the Indenture", "Description of the Lease Indentures", "Description of the Leases" and "Other Agreements", insofar as such statements purport to constitute summaries of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

(5) The execution, delivery and performance by the Company of the Underwriting Agreement and the Trust Indenture and and the consummation of the transactions contemplated thereby (a) will not violate or conflict with any provision of the Company's Amended and Restated Articles of Incorporation or By-laws, as amended, (b) will not violate or conflict with any provision of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance on or security interest in (other than as contemplated by the Trust Indenture) any of the assets of the Company pursuant to the provisions of, any mortgage, indenture, contract, agreement or other undertaking known to us (having made due inquiry with respect thereto) to which the Company is a party or which purports to be binding upon the Company or upon any of its respective assets, and (c) will not violate any provision of any law or regulation applicable to the Company or, to the best of our knowledge (having made due inquiry with respect thereto), any provision of any order, writ, judgment or decree of any governmental instrumentality applicable to the Company (except that various approvals, authorizations, orders, licenses, permits, franchises and consents of, and registrations, declarations and filings with, governmental authorities may be required to be obtained or made, as the case may be (1) in connection or compliance with the provisions of the securities or blue sky laws of any jurisdiction, (2) in connection with the construction, acquisition, ownership, operation and maintenance of the Grand Gulf Nuclear Electric Generating Station and (3) as set forth in the exceptions to the opinions set forth in paragraph (7) below).

(6) Except in each case as to the financial statements and other financial or statistical data included or incorporated by reference therein, upon which we do not pass, the Registration Statement (except with respect to the part of the Registration Statement that constitutes the statements of eligibility of the Trustee and Stanley Burg, upon which we do not pass), at the date of its effectiveness, and the Prospectus, at the time it was filed with the Commission pursuant to Rule 424(b) under the Securities Act, complied as to form in all material respects with the applicable requirements of the Securities Act, the TIA, and the applicable instructions, rules and regulations of the Commission thereunder or pursuant to said instructions, rules and

regulations are deemed to comply therewith; and, with respect to documents or portions thereof filed with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3, such documents or portions thereof, on the day first filed with the Commission, complied as to form in all material respects with the applicable provisions of the Exchange Act, and the applicable instructions, rules and regulations of the Commission thereunder or pursuant to said instructions, rules and regulations are deemed to comply therewith; the Registration Statement has become, and on the date hereof is, effective under the Securities Act; and, to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose are pending or threatened under Section 8(d) of the Securities Act.

(7) An appropriate order has been entered by the Commission under the 1935 Act authorizing the issuance and sale of the Bonds and the execution, delivery and performance by the Company of the Underwriting Agreement and the Trust Indenture; to the best of our knowledge, said order is in full force and effect; no further approval, authorization, consent or other order of any governmental body including without limitation the Nuclear Regulatory Commission (other than the declaration of effectiveness of the Registration Statement under the Securities Act or in connection or compliance with the provisions of the securities or blue sky laws of any jurisdiction) is legally required to permit the valid issuance and sale by the Funding Corporation of the Bonds to the Underwriters pursuant to the Underwriting Agreement or the execution and delivery of the Trust Indenture by the Company; and no further approval, authorization, consent or other order of any governmental body is legally required to permit the performance (other than that relating to the construction, acquisition, ownership, operation and maintenance of the Grand Gulf Nuclear Electric Generating Station) by the Company of its obligations with respect to the Bonds or under the Trust Indenture and the Underwriting Agreement.

(8) No legal or governmental proceedings to which the Company is a party, or of which its property is the subject, that are of a character required to be disclosed in the Registration Statement or the Prospectus and which are not disclosed and properly described therein as required are pending or, to our knowledge, threatened; and we do not know of any contracts or other documents of the Company of a character required to be filed as exhibits to the Registration Statement or the Prospectus which are not so filed, or any contracts or other documents of the Company of a character required to be disclosed in the Registration Statement or the Prospectus which are not disclosed

and properly described therein as required; the descriptions in the Registration Statement and Prospectus of statutes, legal and governmental proceedings and contracts and other documents are accurate and fairly present the information required to be shown.

(9) Except as disclosed in the Prospectus, there is no action, suit, proceeding or investigation pending against or affecting the Company or any of its assets the result of which would, in our opinion, have a materially adverse effect on the issuance and sale of the Bonds in accordance with the Underwriting Agreement.

In passing upon the forms of the Registration Statement and the Prospectus, we necessarily assume the correctness and completeness of the statements made by the Company and information included or incorporated by reference in the Registration Statement and the Prospectus and take no responsibility therefor, except insofar as such statements relate to us and as set forth in paragraph (4) above. In connection with the preparation of the Registration Statement and the Prospectus, we have had discussions with certain of the Company's officers and representatives, with other counsel for the Company, with Deloitte & Touche, the independent certified public accountants who audited certain of the financial statements included or incorporated by reference in the Registration Statement, and with your representatives. Our examination of the Registration Statement and the Prospectus and our discussions did not disclose to us any information which gives us reason to believe that the Registration Statement, at its effective date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the time filed with the Commission pursuant to Rule 424(b) under the Securities Act and at the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We do not express any opinion or belief as to the financial statements or other financial or statistical data included or incorporated by reference in the Registration Statement or the Prospectus or as to the statements of eligibility on Form T-1 and T-2 filed as exhibits to the Registration Statement.

We have examined the portions of the information contained in the Registration Statement which are stated therein to have been made on our authority, and we believe such information to be correct. We are members of the Mississippi Bar and do not hold ourselves out as experts on the laws of any other state. We have examined the opinions of even date herewith rendered to you by Reid & Priest and Winthrop, Stimson, Putnam &

Roberts, and we concur in the conclusions expressed therein insofar as they involve questions of Mississippi law. As to all matters of Arkansas and New York law, we have relied, in the case of Arkansas law, upon the opinion of even date herewith addressed to us of Friday, Eldredge & Clark of Little Rock, Arkansas, and in the case of New York law, upon the opinion of even date herewith addressed to you of Reid & Priest.

With respect to the opinion set forth in paragraph 2 above, we call your attention to the fact that the provisions of the Atomic Energy Act of 1954, as amended, and regulations promulgated thereunder impose certain licensing and other requirements upon persons (such as the Trustee or other purchasers pursuant to the remedial provisions of the Trust Indenture) who seek to acquire, possess or use nuclear production facilities.

The opinion set forth above is solely for the benefit of the addressees of this Letter and may not be relied upon in any manner by any other person without our prior written consent, except that Reid & Priest and Winthrop, Stimson, Putnam & Roberts may rely on this opinion as to all matters of Mississippi law in rendering their opinions required to be delivered under the Underwriting Agreement.

Very truly yours,

WISE CARTER CHILD & CARAWAY
Professional Association

By:

EXHIBIT B

[Letterhead of Reid & Priest
Counsel to the Company]

MORGAN STANLEY & CO. INCORPORATED
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

c/o MORGAN STANLEY & CO. INCORPORATED
1251 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

We, together with Wise Carter Child & Caraway, Professional Association, of Jackson, Mississippi, have acted as counsel for System Energy Resources, Inc. (the "Company") in connection with the sale to you, the several Underwriters, pursuant to and subject to the conditions of the Underwriting Agreement, effective (the "Underwriting Agreement"), among GG1B Funding Corporation (the "Funding Corporation"), the Company and you, of $_____ aggregate principal amount of the Funding Corporation's Secured Lease Obligation Bonds, _____% Series due ____ and $_____ aggregate principal amount of its Secured Lease Obligation Bonds _____% Series due ____ (the "Bonds"). The Bonds are being issued pursuant to the Collateral Trust Indenture, dated as of , as amended by Supplemental Indenture No. 1, dated as of (the Collateral Trust Indenture, as so amended being hereinafter referred to as the "Trust Indenture"), among the Funding Corporation, the Company and Bankers Trust Company, as trustee (the "Trustee"). This opinion is being delivered to you pursuant to Section 8(d) of the Underwriting Agreement.

In our capacity as such counsel, we have either participated in the preparation of or have examined and are familiar with: (a) the Company's Amended and Restated Articles of Incorporation and By-Laws, as amended; (b) the Underwriting Agreement; (c) the Trust Indenture; (d) the Registration Statement and Prospectus (such terms having the same meaning herein as in the Underwriting Agreement) filed under the Securities Act of 1933, as amended (the "Act"); (e) the documents incorporated by reference in the Registration Statement and Prospectus; (f) the records of various corporate proceedings relating to the authorization, issuance and sale of the Bonds by the Funding Corporation, and the execution and delivery by the Company of the Trust Indenture and the Underwriting Agreement; and (g) the proceedings before the Securities and Exchange Commission (the "Commission") under the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), relating to the issuance and sale of the Bonds by the Funding Corporation and the execution and delivery by the Company of the Trust Indenture and the Underwriting Agreement. We have also examined or caused to

be examined such other documents and have satisfied ourselves as to such other matters as we have deemed necessary in order to render this opinion. We have not examined the Bonds, except a specimen thereof, and we have relied upon a certificate of the Trustee under the Trust Indenture as to the authentication and delivery thereof.

Based upon the foregoing, and subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

(1) The Company is duly organized and validly existing as a corporation in good standing under the laws of the State of Arkansas, has due corporate power and authority to conduct the business which it is described as conducting in the Prospectus and to own and operate the properties owned and operated by it in such business and is duly qualified to conduct such business in the States of Arkansas and Mississippi.

(2) The Trust Indenture has been duly and validly authorized by all necessary corporate action on the part of the Company, has been duly and validly executed and delivered by the Company, is a legal, valid and binding instrument of the Company enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and has been duly qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), and no proceedings to suspend such qualification have been instituted or, to our knowledge, threatened by the Commission.

(3) The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.

(4) The execution, delivery and performance by the Company of the Underwriting Agreement and the Trust Indenture and the consummation of the transactions contemplated thereby (a) will not violate or conflict with any provision of the Company's Amended and Restated Articles of Incorporation or By-laws, as amended, (b) will not violate or conflict with any provision of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance on or security interest in (other than as contemplated by the Trust Indenture) any of the assets of the Company pursuant to the provisions of, any mortgage, indenture, contract, agreement or other undertaking known to us (having made due inquiry with respect thereto) to which the Company is a party or which purports to be binding upon

the Company or upon any of its respective assets, and (c) will not violate any provision of any law or regulation applicable to the Company or, to the best of our knowledge (having made due inquiry with respect thereto), any provision of any order, writ, judgment or decree of any governmental instrumentality applicable to the Company (except that various approvals, authorizations, orders, licenses, permits, franchises and consents of, and registrations, declarations and filings with, governmental authorities may be required to be obtained or made, as the case may be (1) in connection or compliance with the provisions of the securities or blue sky laws of any jurisdiction, (2) in connection with the construction, acquisition, ownership, operation and maintenance of the Grand Gulf Nuclear Electric Generating Station and (3) as set forth in the exceptions to the opinions set forth in paragraph 6 below).

(5) Except in each case as to the financial statements and other financial or statistical data included or incorporated by reference therein, upon which we do not pass, the Registration Statement (except with respect to the part of the Registration Statement that constitutes the statements of eligibility of the Trustee and Stanley Burg, upon which we do not pass), at the date of its effectiveness, and the Prospectus, at the time it was filed with the Commission pursuant to Rule 424(b) under the Securities Act, complied as to form in all material respects with the applicable requirements of the Securities Act, the TIA, and the applicable instructions, rules and regulations of the Commission thereunder or pursuant to said instructions, rules and regulations are deemed to comply therewith; and, with respect to documents or portions thereof filed with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3, such documents or portions thereof, on the day first filed with the Commission, complied as to form in all material respects with the applicable provisions of the Exchange Act, and the applicable instructions, rules and regulations of the Commission thereunder or pursuant to said instructions, rules and regulations are deemed to comply therewith; the Registration Statement has become, and on the date hereof is, effective under the Securities Act; and, to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose are pending or threatened under Section 8(d) of the Securities Act.

(6) An appropriate order has been entered by the Commission under the 1935 Act authorizing the issuance and sale of the Bonds and the execution, delivery and performance by the Company of the Trust Indenture and Underwriting Agreement; to the best of our knowledge, said order is in full force and effect; no further approval, authorization, consent or other order of any

governmental body (other than the declaration of effectiveness of the Registration Statement under the Securities Act or in connection or compliance with the provisions of the securities or blue sky laws of any jurisdiction) is legally required to permit the valid issuance and sale by the Funding Corporation of the Bonds to the Underwriters pursuant to the Underwriting Agreement or the execution and delivery of the Trust Indenture by the Company; and no further approval, authorization, consent or other order of any governmental body is legally required to permit the performance (other than that relating to the construction, acquisition, ownership, operation and maintenance of the Grand Gulf Nuclear Electric Generating Station) by the Company of its obligations with respect to the Bonds or under the Trust Indenture and the Underwriting Agreement.

(7) No legal or governmental proceedings to which the Company is a party, or of which its property is the subject, that are of a character required to be disclosed in the Registration Statement or the Prospectus which are not disclosed and properly described therein as required are pending or, to our knowledge, threatened; and we do not know of any contracts or other documents of the Company of a character required to be filed as exhibits to the Registration Statement or the Prospectus which are not so filed, or any contracts or other documents of the Company of a character required to be disclosed in the Registration Statement or the Prospectus which are not disclosed and properly described therein as required; the descriptions in the Registration Statement and Prospectus of statutes, legal and government proceedings and contracts and other documents are accurate and fairly present the information required to be shown.

(8) Except as disclosed in the Prospectus, there is no action, suit, proceeding or investigation pending against or affecting the Company or any of its assets the result of which would, in our opinion, have a materially adverse effect on the financial condition of the Company or on the issuance and sale of the Bonds in accordance with the Underwriting Agreement.

(9) The statements made in the Prospectus under the captions "Selected Information", "Selected Information Relating to the Bonds", "Certain Terms of the Bonds", "Security and Source of Payment for the Bonds", "Description of the Bonds and the Indenture", "Description of the Lease Indentures", "Description of the Leases" and "Other Agreements", insofar as such statements purport to constitute summaries of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

In passing upon the forms of the Registration Statement and the Prospectus, we necessarily assume the correctness and completeness of the statements made by the Company and

information included in the Registration Statement and the Prospectus and take no responsibility therefor, except insofar as such statements relate to us and as set forth in Paragraph 9 above. In connection with the preparation of the Registration Statement and the Prospectus, we have had discussions with certain of the Company's officers and representatives, with other counsel for the Company, with Deloitte & Touche, the independent certified public accountants who audited certain of the financial statements included or incorporated by reference in the Registration Statement, and with your representatives. Our examination of the Registration Statement and the Prospectus and our discussions did not disclose to us any information which gives us reason to believe that the Registration Statement, at its effective date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, at the time filed with the Commission pursuant to Rule 424(b) under the Securities Act and at the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We do not express any opinion or belief as to the financial statements or other financial or statistical data included or incorporated by reference in the Registration Statement or the Prospectus or as to the statements of eligibility on Form T-1 and T-2 filed as exhibits to the Registration Statement.

We have examined the portions of the information contained in the Registration Statement which are stated therein to have been made on our authority, and we believe such information to be correct. We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state. Accordingly, as to matters involving the laws of other jurisdictions, we have relied upon the below-named opinions of counsel to the extent that such opinions state an opinion with regard to the matters covered by this opinion. As to matters of Arkansas law relating to the Company, we have, with your consent, relied upon an opinion of even date herewith addressed to us of Messrs. Friday, Eldredge & Clark of Little Rock, Arkansas. As to matters of Mississippi law related to the Company, we have, with your consent, relied upon the opinion of even date herewith of Wise Carter Child & Caraway, Professional Association, which has been delivered to you pursuant to the Underwriting Agreement.

The opinion set forth above is solely for the benefit of the addressees of this Letter and may not be relied upon in any manner by any other person without our prior written consent, except that Wise Carter Child & Caraway may rely on this opinion as to matters of New York law in rendering its opinion referred to above.

With respect to the opinion set forth in paragraph 2 above, we call your attention to the fact that the provisions of the Atomic Energy Act of 1954, as amended, and regulations promulgated thereunder impose certain licensing and other requirements upon persons (such as the Trustee or other purchasers pursuant to the remedial provisions of the Trust Indenture) who seek to acquire, possess or use nuclear production facilities.

We have not examined and are expressing no opinion as to the title of the Company to its properties or the lien of the Trust Indenture.

Very truly yours,

REID & PRIEST

EXHIBIT C

[Letterhead of Friday, Eldredge & Clark]

REID & PRIEST
40 West 57th Street
New York, New York 10019

WISE CARTER CHILD & CARAWAY,
Professional Association
Heritage Building
P.O. Box 651
Jackson, Mississippi 39205

Ladies and Gentlemen:

We have acted as Arkansas counsel for System Energy Resources, Inc. (the "Company") in connection with the sale to the several Underwriters pursuant to and subject to the conditions of the Underwriting Agreement, effective (the "Underwriting Agreement"), among GG1B Funding Corporation (the "Funding Corporation"), the Company and such Underwriters, of $_____ in principal amount of the Funding Corporation's Secured Lease Obligation Bonds _____% Series due ____ and $_____ aggregate principal amount of its Secured Lease Obligation Bonds _____% Series due ____ (the "Bonds"). The Bonds are being issued pursuant to the Collateral Trust Indenture, dated as of , as amended by Supplemental Indenture No. 1, dated as of (the Collateral Trust Indenture, as so amended being hereinafter referred to as the "Trust Indenture"), among the Funding Corporation, the Company and Bankers Trust Company, as trustee (the "Trustee"). This opinion is being delivered to you pursuant to Section 8(d) of the Underwriting Agreement.

In our capacity as such counsel, we have either participated in the preparation of or have examined and are familiar with: (a) the Company's Amended and Restated Articles of Incorporation and By-Laws, each as amended; (b) the Underwriting Agreement; (c) the Trust Indenture; (d) the Registration Statement and Prospectus (such terms having the same meaning herein as in the Underwriting Agreement) filed under the Securities Act of 1933, as amended (the "Act"); (e) the documents incorporated by reference in the Registration Statement and Prospectus; and (f) the records of various corporate proceedings relating to the authorization, issuance and sale of the Bonds by the Funding Corporation and the execution and delivery by the Company of the Trust Indenture and the Underwriting Agreement. We have also examined or caused to be examined such other documents and have satisfied ourselves as to such other matters as we have deemed necessary in order to render this opinion. We have not examined the Bonds, except a specimen thereof, and we have relied upon a certificate of the Trustee under the Trust Indenture as to the authentication and delivery thereof.

Based upon the foregoing, and subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

(1) The Company is duly organized and validly existing as a corporation in good standing under the laws of the State of Arkansas, and is duly qualified to conduct its business in such state.

(2) The Trust Indenture has been duly and validly authorized by all necessary corporate action on the part of the Company, has been duly and validly executed and delivered by the

Company and is a legal, valid and binding instrument of the Company enforceable against the Company in accordance with its terms, except as limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or law).

(3) The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.

(4) The execution, delivery and performance by the Company of the Trust Indenture and the Underwriting Agreement, and the consummation of the transactions contemplated thereby (a) will not violate or conflict with any provision of the Company's Amended and Restated Articles of Incorporation or By-laws, each as amended, and (b) will not violate or conflict with any provision of any law or regulation of the State of Arkansas or any subdivision thereof applicable to the Company or, to the best of our knowledge (having made due inquiry with respect thereto), any provision of any order, writ, judgment or decree of any governmental instrumentality of the State of Arkansas or any subdivision thereof applicable to the Company.

(5) No approval, authorization, order, license, permit, franchise or consent of or registration, declaration or filing with any Arkansas governmental authority is required in connection with the issuance and sale of the Bonds or the execution, delivery and performance by the Company of the Trust Indenture and the Underwriting Agreement.

(6) Except as disclosed in the Prospectus, there is no action, suit, proceeding or investigation pending against or affecting the Company or any of its assets the result of which would, in our opinion, have a materially adverse effect on the financial condition of the Company or on the issuance and sale of the Bonds in accordance with the Underwriting Agreement.

Since we have acted herein only as Arkansas counsel for the Company, the opinions set forth herein relate only to matters governed by the laws of the State of Arkansas. You may rely upon this opinion in rendering your respective opinions required to be delivered under the Underwriting Agreement. The opinions set forth above are solely for the benefit of the addressees of this Letter and may not be relied upon in any manner by any other person without our prior written consent, except that Winthrop, Stimson, Putnam & Roberts may rely on these opinions as to all matters of Arkansas law and the underwriters to whom your respective opinions are addressed may rely upon these opinions as though addressed and delivered to such underwriters.

Very truly yours,

FRIDAY, ELDREDGE & CLARK

EXHIBIT D

[Letterhead of Reid & Priest, Counsel to
Funding Corporation]

MORGAN STANLEY & CO. INCORPORATED
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

c/o MORGAN STANLEY & CO. INCORPORATED
1251 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

We have acted as special counsel to GG1B Funding Corporation ("Funding Corporation"), in connection with the sale to you, the several Underwriters, of $_____ aggregate principal amount of Funding Corporation's Secured Lease Obligation Bonds, _____% Series due ____ and $_____ of its Secured Lease Obligation Bonds, _____% Series due ____ (the "Bonds"), pursuant to and subject to the conditions set forth in the Underwriting Agreement, effective (the "Underwriting Agreement"), among Funding Corporation, System Energy Resources, Inc. ("SERI") and you. The Bonds are being issued pursuant to the Collateral Trust Indenture, dated as of , as amended by Supplemental Indenture No. 1, dated as of (the Collateral Trust Indenture, as so amended being hereinafter referred to as the "Trust Indenture"), among Funding Corporation, SERI and Bankers Trust Company, as Trustee (the "Trustee"). This

opinion is being delivered to you pursuant to Section 8(d) of the Underwriting Agreement.

In our capacity as such counsel, we have either participated in the preparation of or have examined and are familiar with: (a) Funding Corporation's Certificate of Incorporation and By-Laws, as amended; (b) the Underwriting Agreement; (c) the Trust Indenture; (d) the Registration Statement and Prospectus (such terms having the same meaning herein as in the Underwriting Agreement) filed under the Securities Act of 1933, as amended (the "Act"), and the Trust Indenture Act of 1939, as amended (the "TIA"); (e) the documents incorporated by reference in the Registration Statement and Prospectus; (f) the records of various corporate proceedings relating to the authorization, issuance and sale of the Bonds by Funding Corporation and the execution and delivery by the Company of the Trust Indenture and the Underwriting Agreement; and (g) the proceedings before the Securities and Exchange Commission (the "Commission") under the Public Utility Holding Company Act of 1935, as amended (the "1935 Act"), relating to the issuance and sale of the Bonds by Funding Corporation, and the execution and delivery by Funding Corporation of the Trust Indenture and the Underwriting Agreement. We have also examined or caused to be examined such other documents and have satisfied ourselves as to such other matters as we have deemed necessary in order to render this opinion. We have not examined the Bonds, except a specimen thereof, and we have relied upon a certificate of the Trustee as to the authentication and delivery thereof.

Based upon the foregoing, and subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

(1) Funding Corporation is duly incorporated and validly existing as a corporation in good standing under the laws of the State of Delaware and has all corporate and other power and authority to own its properties and conduct its business as described in the Prospectus.

(2) The Trust Indenture has been duly and validly authorized by all necessary corporate action on the part of Funding Corporation, has been duly and validly executed and delivered by Funding Corporation and is a legal, valid and binding instrument of Funding Corporation, enforceable against Funding Corporation in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and has been duly qualified under the TIA, and

no proceedings to suspend such qualification have been instituted or, to our knowledge, threatened by the Commission.

(3) Funding Corporation has executed such instruments and complied with such other formalities as are required by the Trust Indenture as a condition precedent to the creation and issuance of the Bonds.

(4) The Bonds have been duly and validly authorized, executed and issued by Funding Corporation and are legal, valid and binding obligations of Funding Corporation enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), are entitled to the benefits and security afforded by the Trust Indenture in accordance with the terms of the Trust Indenture and the Bonds, and conform to the description thereof in the Prospectus.

(5) The Registration Statement has become, and on the date hereof is, effective under the Act, and to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose are pending or threatened under Section 8(d) of the Act.

(6) The Commission has issued an order under the 1935 Act authorizing the issuance and sale of the Bonds, and no other consent, approval, authorization or other order of any regulatory body is legally required for the valid issuance and sale of the Bonds pursuant to the Underwriting Agreement other than the declaration of effectiveness of the Registration Statement under the Securities Act or such registration or qualification as may be required under state securities or Blue Sky laws.

(7) It is not necessary for Funding Corporation to register as an investment company pursuant to the Investment Company Act of 1940 in order to participate in the transactions contemplated by the Prospectus.

(8) No legal or governmental proceedings to which Funding Corporation is a party, or of which its property is the subject, that are of a character required to be disclosed in the Registration Statement or the Prospectus are pending or, to our knowledge, threatened; and we do not know of any contracts or other documents of Funding Corporation of a character required to be filed as exhibits to the Registration Statement which are not so filed, or any contracts or other documents of Funding Corporation of a character required to be disclosed in the

Registration Statement or the Prospectus which are not disclosed and properly described therein as required; the descriptions in the Registration Statement and Prospectus of statutes, legal and government proceedings and contracts and other documents fairly present the information required to be shown.

(9) The Underwriting Agreement has been duly and validly authorized, executed and delivered by Funding Corporation.

(10) Except as disclosed in the Prospectus, there is no action, suit, proceeding or investigation pending against or affecting Funding Corporation or any of its assets the result of which would, in our opinion, have a materially adverse effect on the financial condition of Funding Corporation or on the issuance and sale of the Bonds in accordance with the Underwriting Agreement.

(11) Neither the execution and delivery by Funding Corporation of the Underwriting Agreement, the Bonds or the Trust Indenture nor the consummation of the transactions therein contemplated will conflict with, or result in a breach of, any of the terms, conditions or provisions of the Certificate of Incorporation or By-Laws of Funding Corporation or of any law or decree, or any regulation, order, writ, injunction, determination or award known to us of any court or arbitrator or of any governmental department, body, commission, board, bureau, agency or instrumentality or any agreement or instrument known to us to which Funding Corporation is a party or otherwise subject or by which it or any of its property is affected or by which it is bound, or constitute a default thereunder or result in the creation or imposition of any lien, charge, encumbrance on or security interest in (other than as contemplated by the Trust Indenture) any of the assets of Funding Corporation pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking known to us after due inquiry with respect thereto to which Funding Corporation is a party or which purports to be binding upon Funding Corporation or upon any of its assets.

(12) The statements contained in the Prospectus under the captions "Selected Information", "Selected Information Relating to the Bonds", "Certain Terms of the Bonds", "Security and Source of Payment for the Bonds", "GG1B Funding Corporation", "Description of the Bonds and the Indenture", "Description of the Lease Indentures", "Description of the Leases" and "Other Agreements", insofar as such statements purport to constitute summaries of documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

With respect to the opinions set forth in paragraphs 2

and 4 above, we call your attention to the fact that the provisions of the Atomic Energy Act of 1954, as amended, and regulations promulgated thereunder impose certain licensing and other requirements upon persons (such as the Trustee or other purchasers pursuant to the remedial provisions of the Trust Indenture) who seek to acquire, possess or use nuclear production facilities.

In rendering the opinions set forth above, we have not passed upon and do not purport to pass upon the application of any laws of any jurisdiction other than the Federal laws of the United States, the law of the State of New York and the General Corporation Law of the State of Delaware.

The opinion set forth above is solely for the benefit of the addressees of this Letter and may not be relied upon in any manner by any other person without our prior written consent, except that the Trustee, Funding Corporation and SERI are entitled to rely on this opinion as if addressed to them.

Very truly yours,

EXHIBIT E

[Letterhead of Winthrop, Stimson, Putnam & Roberts]

MORGAN STANLEY & CO. INCORPORATED
BEAR, STEARNS & CO. INC.
GOLDMAN, SACHS & CO.

c/o MORGAN STANLEY & CO. INCORPORATED
1251 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters (the "Underwriters"), pursuant to the Underwriting Agreement effective (the "Underwriting Agreement") among the Underwriters, GG1B Funding Corporation (the "Funding Corporation") and System Energy Resources, Inc. (the "Company"), providing for the several purchases and reoffering by the Underwriters of $_____ aggregate principal amount of the Funding Corporation's Secured Lease Obligation Bonds _____% Series due ____ and $_____ aggregate principal amount of its Secured Lease Obligation Bonds _____% Series due ____ (collectively, the "Bonds"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Underwriting Agreement.

In our capacity as your counsel, we have examined such documents and have satisfied ourselves as to such other matters as we have deemed necessary in order to render this opinion. As to various questions of fact material to this opinion, we have relied upon representations of the Company and the Funding Corporation and statements in the Registration Statement. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the originals of the documents submitted to us as certified or photostatic copies, and the correctness of all statements of fact contained in all such original or copied documents. We have not examined the Bonds except specimens thereof, and we have relied upon a certificate of the Trustee as to the due authentication and delivery thereof. We have not examined into, and are expressing no opinion or belief as to matters relating to, titles to property, franchises, licenses and permits or the lien of the Trust Indenture.

Based upon the foregoing, it is our opinion that:

(1) The Trust Indenture has been duly and validly authorized by all necessary corporate action on the part of the Company, has been duly and validly executed and delivered by the Company, and is a valid and binding instrument of the Company enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and is duly qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), and no proceedings to suspend such qualification have been instituted or, to our knowledge, threatened by the Securities and Exchange Commission (the "Commission").

(2) The Bonds have been duly and validly authorized by all necessary corporate action, and are legal, valid and binding obligations of the Funding Corporation, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization and other laws affecting creditors' rights or remedies for the enforcement of the security interest provided by the Trust Indenture and general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(3) The statements made in the Prospectus under the captions "Selected Information", "Selected Information Relating to the Bonds", "Certain Terms of the Bonds", "Security and Source of Payment for the Bonds", "Description of the Bonds and the Indenture", "Description of the Lease Indentures", "Description of the Leases" and "Other Agreements", insofar as such statements purport to constitute summaries of the documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects.

(4) The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Funding Corporation and the Company.

(5) An appropriate order has been entered by the Commission under the Public Utility Holding Company Act of 1935, as amended, granting the application, as amended, with respect to the Bonds and, to the best of our knowledge, such order is in full force and effect.

(6) Except in each case as to the financial statements and other financial or statistical data included or incorporated by reference therein, upon which we do not pass, the Registration Statement (except with respect to the part of the Registration Statement that constitutes the statements of eligibility on Forms T-1 and T-2, respectively, of the Trustee and Stanley Burg, upon which we do not pass), at the date of its effectiveness, and the Prospectus, at the time it was first filed with the Commission pursuant to Rule 424 under the Securities Act of 1933, as amended (the "Securities Act"), complied as to form in all material respects with the applicable requirements of the Securities Act, the TIA, and the applicable instructions, rules and regulations of the Commission thereunder or pursuant to said instructions, rules and regulations are deemed to comply therewith; and, with respect to documents or portions thereof filed with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3, such documents or portions thereof, on the day first filed with the Commission, complied as to form in all material respects with the applicable

provisions of the Exchange Act, and the applicable instructions, rules and regulations of the Commission thereunder or pursuant to said instructions, rules and regulations are deemed to comply therewith; the Registration Statement has become, and on the date hereof is, effective under the Securities Act; and, to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose are pending or threatened under Section 8(d) of the Securities Act.

In passing upon the form of the Registration Statement and the form of the Prospectus, we necessarily assume the correctness, completeness and fairness of statements made by the Company and information included or incorporated by reference in the Registration Statement and the Prospectus and take no responsibility therefor, except insofar as such statements relate to us and as set forth in paragraph (3) above. In the course of the preparation by the Company of the Registration Statement and the Prospectus, we have had discussions with certain officers and representatives of and counsel for the Funding Corporation and the Company and its affiliates, with Deloitte & Touche, the independent certified public accountants who audited certain of the financial statements included or incorporated by reference in the Registration Statement, and with your representatives. Our examination of the Registration Statement and the Prospectus, and our discussions, did not disclose to us any information which gives us reason to believe that, at its effective date, the Registration Statement contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, at the time first filed with the Commission pursuant to Rule 424 under the Securities Act and at the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We do not express any opinion or belief as to the financial statements or other financial or statistical data included or incorporated by reference in the Registration Statement or Prospectus or as to the statements of eligibility on Form T-1 and T-2 filed as exhibits to the Registration Statement.

We are members of the Bar of the State of New York and, for purposes of this opinion, do not hold ourselves out as experts on the laws of any jurisdiction other than the State of New York and the United States of America. We have, with your consent, relied upon opinions of even date herewith addressed to you of (i) Friday, Eldredge & Clark and (ii) Wise Carter Child & Caraway, Professional Association, as to all matters of Arkansas and Mississippi law, respectively, related to this opinion.

With respect to the opinions set forth in paragraphs 1 and 2 above, we call your attention to the fact that the provisions of the Atomic Energy Act of 1954, as amended, and regulations promulgated thereunder impose certain licensing and other requirements upon persons (such as the Trustee or other purchasers pursuant to the remedial provisions of the Trust Indenture) who seek to acquire, possess or use nuclear production facilities.

This opinion is solely for the benefit of the addressees hereof in connection with the Underwriting Agreement and the transactions contemplated thereunder and may not be relied upon in any manner by any other person or for any other purpose, without our prior written consent.

Very truly yours,

EXHIBIT F

ITEMS PURSUANT TO SECTION 8(f)(iv) OF THE UNDERWRITING AGREEMENT FOR INCLUSION IN LETTER OF DELOITTE & TOUCHE REFERRED TO THEREIN

CAPTION	ITEMS
REGISTRATION STATEMENT ON FORM S-3 (NO. 33-51175)	
RATIOS OF EARNINGS TO FIXED CHARGES	The unaudited ratios of earnings to fixed charges of the Company for each of the five years in the period ended December 31, 1992 and the twelve-month period ended September 30, 1993, the coverage deficiency in footnote (b) and compliance with the requirements of Item 503(d) of

FORM 10-Q FOR THE
QUARTERLY PERIOD ENDED
SEPTEMBER 30, 1993

COMMITMENTS AND CONTINGENCIES	The total equity capital percentage of adjusted capitalization and the fixed charge coverage ratio of the Company at September 30, 1993 for purposes of the Reimbursement Agreement. P. 41

Exhibit B-10(a)

REFUNDING AGREEMENT NO. 1-A
dated as of January 1, 1994

among
RESOURCES CAPITAL MANAGEMENT CORPORATION,
as Owner Participant and Approved Transferee of
Public Service Resources Corporation
the Original Owner Participant

GG1B Funding Corporation,
as Funding Corporation

MERIDIAN TRUST COMPANY,
as Corporate Owner Trustee under Trust Agreement No. 1, dated as of
December 1, 1988, with the Individual Owner Trustee and the Owner Participant, as successor in interest to the Original Owner Participant,

STEPHEN J. KABA,
as successor Individual Owner Trustee under Trust Agreement No. 1, dated as of December 1, 1988, with the Corporate Owner Trustee and the Owner Participant, as successor in interest to the
Original Owner Participant,

BANKERS TRUST COMPANY,
as Corporate Indenture Trustee under Trust Indenture, Deed of Trust,
Mortgage, Security Agreement and Assignment of Facility Lease No. 1,
dated as of December l, 1988, as supplemented, with the Individual Indenture
Trustee and the Owner Trustee,

STANLEY BURG,
as Individual Indenture Trustee under Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease
No. 1, dated as of December 1, 1988, as supplemented, with the Corporate Indenture Trustee and the Owner Trustee,

and

SYSTEM ENERGY RESOURCES, INC.,

as Lessee

REFUNDING AGREEMENT NO. 1-A, dated as of January 1, 1994, ("Refunding Agreement") among RESOURCES CAPITAL MANAGEMENT CORPORATION, a New Jersey corporation (the "Owner Participant") as Approved Transferee (such term, and other capitalized terms used herein without definition, being defined as provided in Section 1) of Public Service Resources Corporation, the Original Owner Participant, GG1A FUNDING CORPORATION, a Delaware corporation (the "Original Funding Corporation"), GG1B FUNDING CORPORATION, a Delaware corporation (the "Funding Corporation"), MERIDIAN TRUST COMPANY, a Pennsylvania trust company, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement, STEPHEN J. KABA, not in his individual capacity, but solely as successor Individual Owner Trustee under the Trust Agreement, BANKERS TRUST COMPANY, a New York banking corporation, not in its individual capacity but solely as Corporate Indenture Trustee under the Indenture, STANLEY BURG, not in his individual capacity but solely as Individual Indenture Trustee under the Indenture, and SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation (the "Lessee"),

W I T N E S S E T H:

WHEREAS, the parties to this Refunding Agreement other than the Funding Corporation are parties to Participation Agreement No. 1, dated as of December 1, 1988 (the "Participation Agreement"), among the Lessee, the Original Funding Corporation, the Owner Participant, as successor in interest to the Original Owner Participant, the Corporate Owner Trustee, the Individual Owner Trustee, the Corporate Indenture Trustee, the Individual Indenture Trustee and the Original Loan Participants named therein; and

WHEREAS, the Initial Series Notes were issued by the Owner Trustee in connection with the acquisition of the Undivided Interest; and

WHEREAS, on April 13, 1989 the Original Funding Corporation utilized the proceeds of a series of Bonds issued by it to make a Refunding Loan to the Owner Trustee and the Owner Trustee issued Fixed Rate Notes to refund the Initial Series Notes; and

WHEREAS, Section 2(d) of the Participation Agreement provides for a refunding of the Notes theretofore issued and then Outstanding upon the satisfaction of the conditions set forth in Sections 2 and 11(c) of the Participation Agreement; and

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the Value Schedules in order to preserve the Net Economic Return of the Owner Participant in the event of the issuance of Fixed Rate Notes; and

WHEREAS, on December 14, 1993, at the direction of the Lessee and the Owner Participant, the Owner Trustee gave the Indenture Trustee notice of prepayment, which notice provided, in accordance with Section 3.9(c) of the Indenture, that such prepayment is conditional upon the receipt by the Indenture Trustee on or prior to the Refunding Date, of moneys sufficient to pay the principal of, and the premium, if any, and interest on the Outstanding Notes and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Owner Trustee shall not be required to prepay the Outstanding Notes, on January 18, 1994 of the Outstanding Notes and the Original Funding Corporation gives notice to the Collateral Trust Trustee of the redemption on January 18, 1994 of the Bonds Outstanding, which notice was correspondingly conditional; and

WHEREAS, the parties hereto wish to cause the issuance of a new series of Fixed Rate Notes (the "Refunding Notes") in order to refund the Outstanding Notes and redeem the outstanding Bonds; and

WHEREAS, the Lessee has filed with the Securities and Exchange Commission a Registration Statement on Form S-3 (Reg. No. 33-51175) relating to the New Bonds, which Registration Statement became effective on December 28, 1993; and

WHEREAS, Section 10.1(viii) of the Indenture provides, among other things, that the Owner Trustee and Indenture Trustee may, without consent of the Holders of Notes Outstanding, execute a supplement to the Indenture in order to evidence the issuance of and to provide the terms of Additional Notes; and

WHEREAS, subject to the conditions set forth herein, the Owner Trustee and the Indenture Trustee intend to execute Supplemental Indenture No. 2 to the Indenture, dated as of January 1, 1994 ("Supplemental Indenture No. 2"), providing for the issuance under the Indenture of Refunding Notes as contemplated in Supplemental Indenture No. 2; and

WHEREAS, Section 10.2(ii) of the Indenture provides, among other things, that, upon receipt of a written instruction from the Lessee and the Owner Trustee, the Indenture Trustee

shall consent to certain amendments of the Facility Lease; and

WHEREAS, subject to the conditions set forth herein, the Owner Trustee and the Lessee intend to execute Lease Supplement No. 2 to the Facility Lease, dated as of January 1, 1994 ("Lease Supplement No. 2"), to amend certain schedules thereto;

WHEREAS, subject to the conditions set forth herein, the Owner Participant and the Lessee intend to execute Amendment No. 1 dated as of January 1, 1994 to the Tax Indemnification Agreement No. 1 ("TIA Amendment No. 1"), to amend certain provisions of the Tax Indemnification Agreement;

WHEREAS, Basic Rent and the Value Schedules, as set forth in Lease Supplement No. 2, have been adjusted to take into effect, among other things, the additional Tax Assumptions set forth on TIA Amendment No. 1 and the additional Pricing Assumptions set forth on Schedule 2 hereto;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms as set forth in Appendix A to the Participation Agreement.

SECTION 2. Agreement of Funding Corporation.

(a) Subject to the terms and conditions hereof and of Section 2 and 11(c) of the Participation Agreement, on the Refunding Date, Funding Corporation shall make a Refunding Loan to the Owner Trustee by paying to the Indenture Trustee for the account of the Owner Trustee immediately available funds in an amount equal to $348,009,000. Proceeds of the Refunding Loan shall be paid directly to a special account established by the Owner Trustee with the Indenture Trustee and shall be applied as set forth in Section 3(c)(ii).

(b) On and as of the Refunding Date, Original Funding Corporation hereby assigns to Funding Corporation and Funding Corporation hereby assumes all rights and obligations of Original Funding Corporation under the Participation Agreement and thereupon the Original Funding Corporation shall be released and discharged from any further obligations under the Participation Agreement. Notwithstanding the foregoing, Original Funding

Corporation shall continue to have the rights and obligations of an Indemnitee under Section 13 of the Participation Agreement. On and as of the Refunding Date (and for purposes of the definitions contained in this Agreement on and as of the date of the execution and delivery hereof), Appendix A to the Participation Agreement shall be amended such that Funding Corporation, as defined therein, shall mean GG1B Funding Corporation, a Delaware corporation (it being understood that the reference to "Funding Corporation" in Section 11(c) of the Participation Agreement refers to GG1B Funding Corporation in the context of the Refunding Loan contemplated hereby).

SECTION 3. Issuance of Refunding Notes by Owner Trustee; Application of Proceeds.

Subject to the terms and conditions hereof and of Sections 2 and 11(c) of the Participation Agreement and Section 3.5 of the Indenture, on the Refunding Date, (a)(i) the Lessee and the Lessor shall enter into Lease Supplement No. 2, (ii) the Owner Trustee and the Indenture Trustee shall enter into Supplemental Indenture No. 2, and (iii) the Lessee, the Funding Corporation and the Collateral Trust Trustee shall enter into the Collateral Trust Indenture and, subject to satisfaction of the conditions therein set forth, Supplemental Indenture No. 1 to the Collateral Trust Indenture ("Collateral Trust Supplement") and (iv) the Lessee and the Owner Participant will enter into the TIA Amendment No. 1, (b) the Lessee shall make a Supplemental Rent payment pursuant to Section 3(b)(ii) of the Facility Lease in the amount of $25,935,493.05, (c) upon receipt of the Refunding Loan to be made by Funding Corporation in accordance with Section 2 hereof and such Supplemental Rent payment, the Indenture Trustee, at the direction of the Owner Trustee, shall (i) authenticate and deliver the Refunding Notes, in the aggregate principal amount of the Refunding Loan and bearing interest at the rates per annum and in the amounts, respectively, set forth in Supplemental Indenture No. 2 and (ii) apply the proceeds of the Refunding Loan to the prepayment in full of the principal of the Outstanding Notes (it being understood that any accrued interest on the Outstanding Notes shall be paid from the Rent payable by the Lessee under the Facility Lease on the Refunding Date and that the premium payable upon the prepayment of the Outstanding Notes shall be paid from the Supplemental Rent payable by the Lessee in accordance with clause (b) hereof under Section 3(b)(ii) of the Facility Lease on the Refunding Date) and (d) Schedule 5 to the Participation Agreement shall be amended to include the additional Pricing Assumptions set forth on Schedule 2 hereof.

SECTION 4. Implementation.

(a) Forms. The forms of Supplemental Indenture No. 2,

Lease Supplement No. 2, the Collateral Trust Indenture and the Collateral Trust Supplement and the TIA Amendment No. 1 are attached hereto as Exhibits A, B, C, D and E respectively.

(b) Obligations of the Owner Participant. The Owner Participant hereby directs the Owner Trustee to execute and deliver this Refunding Agreement and, subject to the terms and conditions of Sections 2(d) and 11(c) of the Participation Agreement and Section 3.5 of the Indenture, and subject to the Owner Trustee having received the Rent payments described in Section 3, the Owner Participant hereby agrees that, on the Refunding Date, it will execute and deliver TIA Amendment No. 1 and direct (i) the Owner Trustee to execute and deliver Supplemental Indenture No. 2 and Lease Supplement No. 2 (collectively, with this Refunding Agreement and TIA Amendment No. 1, the "Refunding Documents") in the forms of Exhibits A and B hereto, respectively, (ii) the Corporate Owner Trustee to execute Refunding Notes as contemplated by the Refunding Documents and to request the Indenture Trustee (x) to authenticate and deliver the Refunding Notes pursuant to Section 3.5 of the Indenture and (y) in view of the fact that Funding Corporation is to pledge such Refunding Notes to the Collateral Trust Trustee, to cause such Refunding Notes to be delivered directly to, and registered in the name of, the Collateral Trust Trustee and (iii) the Corporate Owner Trustee to execute and deliver all other agreements, instruments and certificates contemplated by the Transaction Documents, the Financing Documents and the Refunding Documents.

(c) Instruction and Consent. Subject to satisfaction of the terms and conditions of Section 2(d) and 11(c) of the Participation Agreement and Section 3.5 of the Indenture, (x) in accordance with Section 10.2(ii) of the Indenture, the Lessee and the Owner Trustee hereby instruct the Indenture Trustee to consent, effective as of the Refunding Date, to Lease Amendment No. 2 and the Indenture Trustee hereby so consents and (y) in accordance with Section 10.1(viii) of the Indenture, the Owner Trustee and the Indenture Trustee hereby consent and agree to execute and deliver Supplemental Indenture No. 2 on the Refunding Date.

(d) Consent of Lessee. In accordance with Section 8(b)(2) of the Participation Agreement, the Lessee hereby consents to the refunding of the Outstanding Notes as contemplated hereby.

(e) Recordations and Filings. The Lessee agrees that it will cause to be made the recordations and filings set forth in Schedule 1 hereto and represents that such filings and recordations are all the recordations and filings that are necessary in order to preserve, protect and perfect the Owner

Trustee's right, title and interest in and to the Undivided Interest, the Ground Lease Property and under the Facility Lease, as amended by Lease Amendment No. 2, and the first and prior security interest of the Indenture Trustee in the Lease Indenture Estate under the Indenture, as amended by Supplemental Indenture No. 2.

(f) Funding Corporation Consent. Pursuant to the Collateral Trust Indenture, Funding Corporation shall assign to the Collateral Trust Trustee all of Funding Corporation's right, title and interest in and to the Refunding Notes, as security for Funding Corporation's obligations under the Collateral Trust Indenture and, therefore, Funding Corporation hereby consents to the Owner Trustee's issuance of the Refunding Notes directly to the Collateral Trust Trustee.

SECTION 5. Conditions Precedent.

(a) Conditions Precedent to Obligations of Funding Corporation. The obligations of Funding Corporation and the Lessee to take the actions specified in Sections 2 and 3 hereof on the Refunding Date shall be subject to the following conditions precedent:

(i) the Underwriting Agreement dated January 11, 1994 (the "Underwriting Agreement") among Funding Corporation, the Lessee, Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc. and Goldman, Sachs & Co. (collectively, the "Underwriters") relating to the offer and sale to the public of $435,102,000 aggregate principal amount of Secured Lease Obligation Bonds of Funding Corporation (the "Bonds") shall have been executed and delivered;

(ii) the Underwriters shall have purchased the Bonds pursuant to the Underwriting Agreement; and

(iii) the conditions set forth in Sections 2 and 11(c) of the Participation Agreement and in the Underwriting Agreement shall have been satisfied.

(b) Conditions Precedent to Obligations of the Owner Trustee. The obligations of the Owner Trustee to issue and deliver the Refunding Notes to the Collateral Trust Trustee, as assignee of Funding Corporation on the Refunding Date in consideration of the Refunding Loan shall be subject to (x) the simultaneous performance by Funding Corporation of its obligations under Sections 2 and 3 hereof and the payment by the Lessee of Basic Rent, the prepayment of Basic Rent, and Supplemental Rent referred to in Section 3 hereof, (y) the satisfaction of the conditions set forth in Sections 2 and 11(c)

of the Participation Agreement and Section 3.5 of the Indenture to the participation by the Owner Trustee in the transactions contemplated by this Refunding Agreement and (z) receipt of a direction from the Owner Participant to the effect set forth in Section 4(b) hereof.

(c) Conditions Precedent to Obligations of the Indenture Trustee. The obligations of the Indenture Trustee to take the action required by Section 3 hereof on the Refunding Date shall be subject to the satisfaction of the conditions set forth in Section 3.5 of the Indenture.

SECTION 6. Expenses.

The Lessee hereby affirms that it shall pay, as Supplemental Rent pursuant to Section 14(b)(ii)(g) of the Participation Agreement, all reasonable fees, expenses, disbursements and costs (including legal and other professional fees and expenses) incurred by the Owner Participant, the Owner Trustee, the Indenture Trustee and the Collateral Trust Trustee in connection with the refunding contemplated hereby; provided, however, that:

(i) Lessee shall pay a fixed sum of $125,000 to legal counsel of the Owner Participant and a fee of $160,000 to the Owner Participant in connection with the refinancing;

(ii) Lessee shall pay a financial advisory fee of $120,000 to Cornerstone Financial Advisors, the financial advisor of the Owner Participant;

(iii) Lessee shall pay on an After Tax Basis the financial advisory fee and the fee of Owner Participant's legal counsel, the amortization of which shall be reflected in Basic Rent and Casualty Values. Notwithstanding anything to the contrary in any of the Transaction Documents, Lessee shall not pay on an After Tax Basis (or otherwise indemnify the Owner Participant for) the $160,000 fee to the Owner Participant;

(iv) In the event that the legal expenses of the Owner Participant's legal counsel or the financial advisory fee shall exceed the amounts set forth above, any such excess amounts, together with any other fees, expenses or disbursements of Owner Participant shall be for the account of the

Owner Participant, shall not be reimbursable by the Lessee, and shall be disregarded for the purposes of the Tax Indemnification Agreement;

(v) Lessee shall not be required to reimburse the Owner Participant for any other fees, expenses, disbursements or costs, whether payable under Section 14(b)(g)(ii) of the Participation Agreement or otherwise payable in connection with the refunding contemplated herein.

SECTION 7. Miscellaneous.

(a) Execution. This Refunding Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(b) Governing Law. This Refunding Agreement has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the laws of the State of New York.

(c) Notices to Owner Participant. In accordance with Section 18 of the Participation Agreement, the Owner Participant does hereby designate that all communications, notices and consents to the Owner Participant provided for in the Participation Agreement shall be addressed as follows unless and until the Owner Participant shall hereafter designate another address in accordance with such Section 18:

Resources Capital Management Corporation
One Riverfront Plaza
9th Floor
Newark, New Jersey 07102

Telephone: (201) 430-6499
Telecopy: (201) 430-5328

All payments required to be made to the "Owner Participant" under any Transaction Document shall be made to the following account unless and until the Owner Participant shall hereafter designate another account for such purpose: The Chase Manhattan Bank, N.A., A/C #910-2-546562, ABA #021000021 (Resources Capital Management Corporation (notify Eileen A. Moran)).

(d) Concerning the Owner Trustee. MTC and Stephen J.

Kaba are entering into this Refunding Agreement solely as Owner Trustee under the Trust Agreement and not in their individual capacities. Anything herein to the contrary notwithstanding, all and each of the agreements herein made on the part of the Owner Trustee are made and intended not as personal agreements of MTC and Stephen J. Kaba but are made and intended for the purpose of binding only the Trust Estate.

(e) Concerning the Indenture Trustee. BTC and Stanley Burg are entering into this Refunding Agreement solely as Corporate Indenture Trustee and Individual Indenture Trustee, respectively, under the Indenture and not in their individual capacities. Anything herein to the contrary notwithstanding, all and each of the respective agreements herein made on the part of the Corporate Indenture Trustee and Individual Indenture Trustee, respectively, are made and intended not as personal agreements for BTC and Stanley Burg, as the case may be, but are made and intended solely as the agreements of the Corporate Indenture Trustee and the Individual Indenture Trustee pursuant to the Indenture, in the exercise of the powers and authority conferred and vested in the Corporate Indenture Trustee and Individual Indenture Trustee, respectively,pursuant to the Indenture.

(f) Owner Trustee's, Owner Participant's and Indenture Trustee's Obligations. The obligations and duties of the Owner Trustee, the Owner Participant and the Indenture Trustee under this Agreement are limited to those expressly set forth herein as obligations of the Owner Trustee, the Owner Participant and the Indenture Trustee, respectively. Without limiting the generality of the foregoing, neither the Owner Trustee nor the Owner Participant shall have any obligations or duties with respect to the redemption of the bonds issued by Original Funding Corporation or the issuance of the Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Agreement to be duly executed by their respective officers thereunto duly authorized.

RESOURCES CAPITAL MANAGEMENT CORPORATION
as Owner Participant

By _____
Name:
Title:

GG1B FUNDING CORPORATION

By _____
Name:
Title:

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement

By _____
Name:
Title:

By _____
STEPHEN J. KABA, not in his individual capacity, but solely as Individual Owner Trustee under the Trust Agreement

BANKERS TRUST COMPANY, not in its individual capacity but solely as Corporate Indenture Trustee

By _____
Name:
Title: Vice President

_____
STANLEY BURG, not in his individual capacity but solely as Individual Indenture Trustee

SYSTEM ENERGY RESOURCES, INC., as Lessee

By _____
Name:
Title:

SCHEDULE 1

Recordations and Filings

Part I. Land Record Filings.

A. Chancery Clerk, Claiborne County, Mississippi

1. Lease Supplement No. 2 to the Facility Lease.

2. Supplemental Indenture No. 2 to the Indenture.

3. Collateral Trust Indenture.

4. Supplemental Indenture No. 1 to the Collateral Trust Indenture.

Part II. Uniform Commercial Code Filings.

A. Chancery Clerk, Claiborne County, Mississippi:

1. UCC-3 to amend the UCC-l filed with respect to the Facility Lease naming SERI as Lessee and the Owner Trustee as Lessor, attaching thereto Lease Supplement No. 2 to the Facility Lease.

2. UCC-3 to amend the UCC-l filed with respect to the Indenture, naming the Owner Trustee as debtor and the Indenture Trustee as secured party in respect of the Lease Indenture Estate, attaching thereto Supplemental Indenture No. 2 to the Indenture.

3. UCC-l with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 2 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

B. Chancery Clerk, Hinds County, Mississippi:

1. UCC-3 to amend the UCC-1 filed with respect to the Facility Lease naming SERI as Lessee and the Owner Trustee as Lessor, attaching thereto Lease Supplement No. 2 to the Facility Lease.

2. UCC-3 to amend the UCC-l filed with respect to the Indenture, naming the Owner Trustee as debtor and the Indenture Trustee as secured party in respect of the Lease Indenture Estate, attaching thereto Supplemental Indenture No. 2 to the Indenture.

3. UCC-l with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

C. Mississippi Secretary of State.

1. UCC-3 to amend the UCC-l filed with respect to the Facility Lease naming SERI as Lessee and the Owner Trustee as Lessor, attaching thereto Lease Supplement No. 2 to the Facility Lease.

2. UCC-3 to amend the UCC-l filed with respect to the Indenture, naming the Owner Trustee as debtor and the Indenture Trustee as secured party in respect of the Lease Indenture Estate, attaching thereto Supplemental Indenture No. 2 to the Indenture.

3. UCC-1 with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

D. Secretary of State of Delaware.

UCC-1 with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

E. Secretary of State of New York.

UCC-1 with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as

secured party.

Schedule 2

Additional Pricing Assumptions

Basic Rent, Casualty Values and Special Casualty Values, as set forth in the Facility Lease, as amended by Supplement No. 2, dated as of January 1, 1994, for dates occurring after the Refunding Date set forth below, have been computed on the basis of the following additional pricing assumptions which hereby supplement and amend Schedule 5 to the Participation Agreement:

1. Refunding Date: January 18, 1994

2. Interest Rate on and Amortization of Notes:

See Supplemental Indenture No. 2, dated as of January 1, 1994.

3. Refunding Expenses:

a) $3,006,038.39 paid by the Lessee on the Refunding Date on an After-Tax Basis (amortized on a straight-line basis during the period commencing on the Refunding Date and ending on the last day of the Basic Lease Term).

b) $25,935,493.05 paid by the Lessee on the Refunding Date in respect of the premium on the Notes redeemed on the Refunding Date.

c) $160,000 fee paid to Owner Participant on the Refunding Date not to be taken into account for pricing assumptions.

4. Additional Basic Rent: $328,776.91 as interest from January 15, 1994 to the Refunding Date on Notes which are redeemed on the Refunding Date.

5. Owner Participant's Marginal Federal Tax Rate: 35% (subject to proviso

contained in Section 3(d) of the Lease).

Exhibit B-11(a)

REFUNDING AGREEMENT NO. 2-A
dated as of January 1, 1994

among
TEXTRON FINANCIAL CORPORATION,
as Owner Participant and Approved Transferee of
Lease Management Realty Corporation IV,
the Original Owner Participant

GG1B Funding Corporation,
as Funding Corporation

MERIDIAN TRUST COMPANY,
as Corporate Owner Trustee under Trust Agreement No. 2, dated as of
December 1, 1988, with the Individual Owner Trustee and the Owner Participant, as successor in interest to the Original Owner Participant,

STEPHEN J. KABA,
as successor Individual Owner Trustee under Trust Agreement No. 2, dated as of December 1, 1988, with the Corporate Owner Trustee and the Owner Participant, as successor in interest to the
Original Owner Participant,

BANKERS TRUST COMPANY,
as Corporate Indenture Trustee under Trust Indenture, Deed of Trust,
Mortgage, Security Agreement and Assignment of Facility Lease No. 2,
dated as of December 1, 1988, as supplemented, with the Individual Indenture
Trustee and the Owner Trustee,

STANLEY BURG,
as Individual Indenture Trustee under Trust Indenture, Deed of Trust, Mortgage, Security Agreement and Assignment of Facility Lease
No. 2, dated as of December 1, 1988, as supplemented, with the Corporate Indenture Trustee and the Owner Trustee,

and

SYSTEM ENERGY RESOURCES, INC.,

as Lessee

REFUNDING AGREEMENT NO. 2-A, dated as of January 1, 1994, ("Refunding Agreement") among TEXTRON FINANCIAL CORPORATION, a Delaware corporation (the "Owner Participant") as Approved Transferee (such term, and other capitalized terms used herein without definition, being defined as provided in Section 1) of Lease Management Realty Corporation IV, the Original Owner Participant, GG1A FUNDING CORPORATION, a Delaware corporation (the "Original Funding Corporation"), GG1B FUNDING CORPORATION, a Delaware corporation (the "Funding Corporation"), MERIDIAN TRUST COMPANY, a Pennsylvania trust company, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement, STEPHEN J. KABA, not in his individual capacity, but solely as successor Individual Owner Trustee under the Trust Agreement, BANKERS TRUST COMPANY, a New York banking corporation, not in its individual capacity but solely as Corporate Indenture Trustee under the Indenture, STANLEY BURG, not in his individual capacity but solely as Individual Indenture Trustee under the Indenture, and SYSTEM ENERGY RESOURCES, INC., an Arkansas corporation (the "Lessee"),

W I T N E S S E T H:

WHEREAS, the parties to this Refunding Agreement other than the Funding Corporation are parties to Participation Agreement No. 2, dated as of December 1, 1988 (the "Participation Agreement"), among the Lessee, the Original Funding Corporation, the Owner Participant, as successor in interest to the Original Owner Participant, the Corporate Owner Trustee, the Individual Owner Trustee, the Corporate Indenture Trustee, the Individual Indenture Trustee and the Original Loan Participants named therein; and

WHEREAS, the Initial Series Notes were issued by the Owner Trustee in connection with the acquisition of the Undivided Interest; and

WHEREAS, on April 13, 1989 the Original Funding Corporation utilized the proceeds of a series of Bonds issued by it to make a Refunding Loan to the Owner Trustee and the Owner Trustee issued Fixed Rate Notes to refund the Initial Series Notes; and

WHEREAS, Section 2(d) of the Participation Agreement provides for a refunding of the Notes theretofore issued and then Outstanding upon the satisfaction of the conditions set forth in Sections 2 and 11(c) of the Participation Agreement; and

WHEREAS, Section 3(e) of the Facility Lease provides for an adjustment to Basic Rent and to the Value Schedules in order to preserve the Net Economic Return of the Owner Participant in the event of the issuance of Fixed Rate Notes; and

WHEREAS, on December 14, 1993, at the direction of the Lessee and the Owner Participant, the Owner Trustee gave the Indenture Trustee notice of prepayment, which notice provided, in accordance with Section 3.9(c) of the Indenture, that such prepayment is conditional upon the receipt by the Indenture Trustee on or prior to the Refunding Date, of moneys sufficient to pay the principal of, and the premium, if any, and interest on the Outstanding Notes and that if such moneys shall not have been so received, said notice shall be of no force and effect and the Owner Trustee shall not be required to prepay the Outstanding Notes, on January 18, 1994 of the Outstanding Notes and the Original Funding Corporation gives notice to the Collateral Trust Trustee of the redemption on January 18, 1994 of the Bonds Outstanding, which notice was correspondingly conditional; and

WHEREAS, the parties hereto wish to cause the issuance of a new series of Fixed Rate Notes (the "Refunding Notes") in order to refund the Outstanding Notes and redeem the outstanding Bonds; and

WHEREAS, the Lessee has filed with the Securities and Exchange Commission a Registration Statement on Form S-3 (Reg. No. 33-51175) relating to the New Bonds, which Registration Statement became effective on December 28, 1993; and

WHEREAS, Section 10.1(viii) of the Indenture provides, among other things, that the Owner Trustee and Indenture Trustee may, without consent of the Holders of Notes Outstanding, execute a supplement to the Indenture in order to evidence the issuance of and to provide the terms of Additional Notes; and

WHEREAS, subject to the conditions set forth herein, the Owner Trustee and the Indenture Trustee intend to execute Supplemental Indenture No. 2 to the Indenture, dated as of January 1, 1994 ("Supplemental Indenture No. 2"), providing for the issuance under the Indenture of Refunding Notes as contemplated in Supplemental Indenture No. 2; and

WHEREAS, Section 10.2(ii) of the Indenture provides, among other things, that, upon receipt of a written instruction from the Lessee and the Owner Trustee, the Indenture Trustee

shall consent to certain amendments of the Facility Lease; and

WHEREAS, subject to the conditions set forth herein, the Owner Trustee and the Lessee intend to execute Lease Supplement No. 2 to the Facility Lease, dated as of January 1, 1994 ("Lease Supplement No. 2"), to amend certain schedules thereto;

WHEREAS, subject to the conditions set forth herein, the Owner Participant and the Lessee intend to execute Amendment No. 1 dated as of January 1, 1994 to the Tax Indemnification Agreement No. 2 ("TIA Amendment No. 1"), to amend certain provisions of the Tax Indemnification Agreement;

WHEREAS, Basic Rent and the Value Schedules, as set forth in Lease Supplement No. 2, have been adjusted to take into effect, among other things, the additional Tax Assumptions set forth on TIA Amendment No. 1 and the additional Pricing Assumptions set forth on Schedule 2 hereto;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

For purposes hereof, capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms as set forth in Appendix A to the Participation Agreement.

SECTION 2. Agreement of Funding Corporation.

(a) Subject to the terms and conditions hereof and of Section 2 and 11(c) of the Participation Agreement, on the Refunding Date, Funding Corporation shall make a Refunding Loan to the Owner Trustee by paying to the Indenture Trustee for the account of the Owner Trustee immediately available funds in an amount equal to $87,093,000. Proceeds of the Refunding Loan shall be paid directly to a special account established by the Owner Trustee with the Indenture Trustee and shall be applied as set forth in Section 3(c)(ii).

(b) On and as of the Refunding Date, Original Funding Corporation hereby assigns to Funding Corporation and Funding Corporation hereby assumes all rights and obligations of Original Funding Corporation under the Participation Agreement and thereupon the Original Funding Corporation shall be released and discharged from any further obligations under the Participation Agreement. Notwithstanding the foregoing, Original Funding

Corporation shall continue to have the rights and obligations of an Indemnitee under Section 13 of the Participation Agreement. On and as of the Refunding Date (and for purposes of the definitions contained in this Agreement on and as of the date of the execution and delivery hereof), Appendix A to the Participation Agreement shall be amended such that Funding Corporation, as defined therein, shall mean GG1B Funding Corporation, a Delaware corporation (it being understood that the reference to "Funding Corporation" in Section 11(c) of the Participation Agreement refers to GG1B Funding Corporation in the context of the Refunding Loan contemplated hereby).

SECTION 3. Issuance of Refunding Notes by Owner Trustee; Application of Proceeds.

Subject to the terms and conditions hereof and of Sections 2 and 11(c) of the Participation Agreement and Section 3.5 of the Indenture, on the Refunding Date, (a)(i) the Lessee and the Lessor shall enter into Lease Supplement No. 2, (ii) the Owner Trustee and the Indenture Trustee shall enter into Supplemental Indenture No. 2, and (iii) the Lessee, the Funding Corporation and the Collateral Trust Trustee shall enter into the Collateral Trust Indenture and, subject to satisfaction of the conditions therein set forth, Supplemental Indenture No. 1 to the Collateral Trust Indenture ("Collateral Trust Supplement") and (iv) the Lessee and the Owner Participant will enter into the TIA Amendment No. 1, (b) the Lessee shall make a Supplemental Rent payment pursuant to Section 3(b)(ii) of the Facility Lease in the amount of $6,534,775.05, (c) upon receipt of the Refunding Loan to be made by Funding Corporation in accordance with Section 2 hereof and such Supplemental Rent payment, the Indenture Trustee, at the direction of the Owner Trustee, shall (i) authenticate and deliver the Refunding Notes, in the aggregate principal amount of the Refunding Loan and bearing interest at the rates per annum and in the amounts, respectively, set forth in Supplemental Indenture No. 2 and (ii) apply the proceeds of the Refunding Loan to the prepayment in full of the principal of the Outstanding Notes (it being understood that any accrued interest on the Outstanding Notes shall be paid from the Rent payable by the Lessee under the Facility Lease on the Refunding Date and that the premium payable upon the prepayment of the Outstanding Notes shall be paid from the Supplemental Rent payable by the Lessee in accordance with clause (b) hereof under Section 3(b)(ii) of the Facility Lease on the Refunding Date) and (d) Schedule 5 to the Participation Agreement shall be amended to include the additional Pricing Assumptions set forth on Schedule 2 hereof.

SECTION 4. Implementation.

(a) Forms. The forms of Supplemental Indenture No. 2,

Lease Supplement No. 2, the Collateral Trust Indenture and the Collateral Trust Supplement and the TIA Amendment No. 1 are attached hereto as Exhibits A, B, C, D and E respectively.

(b) Obligations of the Owner Participant. The Owner Participant hereby directs the Owner Trustee to execute and deliver this Refunding Agreement and, subject to the terms and conditions of Sections 2(d) and 11(c) of the Participation Agreement and Section 3.5 of the Indenture, and subject to the Owner Trustee having received the Rent payments described in Section 3, the Owner Participant hereby agrees that, on the Refunding Date, it will execute and deliver TIA Amendment No. 1 and direct (i) the Owner Trustee to execute and deliver Supplemental Indenture No. 2 and Lease Supplement No. 2 (collectively, with this Refunding Agreement and TIA Amendment No. 1, the "Refunding Documents") in the forms of Exhibits A and B hereto, respectively, (ii) the Corporate Owner Trustee to execute Refunding Notes as contemplated by the Refunding Documents and to request the Indenture Trustee (x) to authenticate and deliver the Refunding Notes pursuant to Section 3.5 of the Indenture and (y) in view of the fact that Funding Corporation is to pledge such Refunding Notes to the Collateral Trust Trustee, to cause such Refunding Notes to be delivered directly to, and registered in the name of, the Collateral Trust Trustee and (iii) the Corporate Owner Trustee to execute and deliver all other agreements, instruments and certificates contemplated by the Transaction Documents, the Financing Documents and the Refunding Documents.

(c) Instruction and Consent. Subject to satisfaction of the terms and conditions of Section 2(d) and 11(c) of the Participation Agreement and Section 3.5 of the Indenture, (x) in accordance with Section 10.2(ii) of the Indenture, the Lessee and the Owner Trustee hereby instruct the Indenture Trustee to consent, effective as of the Refunding Date, to Lease Amendment No. 2 and the Indenture Trustee hereby so consents and (y) in accordance with Section 10.1(viii) of the Indenture, the Owner Trustee and the Indenture Trustee hereby consent and agree to execute and deliver Supplemental Indenture No. 2 on the Refunding Date.

(d) Consent of Lessee. In accordance with Section 8(b)(2) of the Participation Agreement, the Lessee hereby consents to the refunding of the Outstanding Notes as contemplated hereby.

(e) Recordations and Filings. The Lessee agrees that it will cause to be made the recordations and filings set forth in Schedule 1 hereto and represents that such filings and recordations are all the recordations and filings that are necessary in order to preserve, protect and perfect the Owner

Trustee's right, title and interest in and to the Undivided Interest, the Ground Lease Property and under the Facility Lease, as amended by Lease Amendment No. 2, and the first and prior security interest of the Indenture Trustee in the Lease Indenture Estate under the Indenture, as amended by Supplemental Indenture No. 2.

(f) Funding Corporation Consent. Pursuant to the Collateral Trust Indenture, Funding Corporation shall assign to the Collateral Trust Trustee all of Funding Corporation's right, title and interest in and to the Refunding Notes, as security for Funding Corporation's obligations under the Collateral Trust Indenture and, therefore, Funding Corporation hereby consents to the Owner Trustee's issuance of the Refunding Notes directly to the Collateral Trust Trustee.

SECTION 5. Conditions Precedent.

(a) Conditions Precedent to Obligations of Funding Corporation. The obligations of Funding Corporation and the Lessee to take the actions specified in Sections 2 and 3 hereof on the Refunding Date shall be subject to the following conditions precedent:

(i) the Underwriting Agreement dated January 11, 1994 (the "Underwriting Agreement") among Funding Corporation, the Lessee, Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc. and Goldman, Sachs & Co. (collectively, the "Underwriters") relating to the offer and sale to the public of $435,102,000 aggregate principal amount of Secured Lease Obligation Bonds of Funding Corporation (the "Bonds") shall have been executed and delivered;

(ii) the Underwriters shall have purchased the Bonds pursuant to the Underwriting Agreement; and

(iii) the conditions set forth in Sections 2 and 11(c) of the Participation Agreement and in the Underwriting Agreement shall have been satisfied.

(b) Conditions Precedent to Obligations of the Owner Trustee. The obligations of the Owner Trustee to issue and deliver the Refunding Notes to the Collateral Trust Trustee, as assignee of Funding Corporation on the Refunding Date in consideration of the Refunding Loan shall be subject to (x) the simultaneous performance by Funding Corporation of its obligations under Sections 2 and 3 hereof and the payment by the Lessee of Basic Rent, the prepayment of Basic Rent, and Supplemental Rent referred to in Section 3 hereof, (y) the satisfaction of the conditions set forth in Sections 2 and 11(c)

of the Participation Agreement and Section 3.5 of the Indenture to the participation by the Owner Trustee in the transactions contemplated by this Refunding Agreement and (z) receipt of a direction from the Owner Participant to the effect set forth in Section 4(b) hereof.

(c) Conditions Precedent to Obligations of the Indenture Trustee. The obligations of the Indenture Trustee to take the action required by Section 3 hereof on the Refunding Date shall be subject to the satisfaction of the conditions set forth in Section 3.5 of the Indenture.

SECTION 6. Expenses.

The Lessee hereby affirms that it shall pay, as Supplemental Rent pursuant to Section 14(b)(ii)(g) of the Participation Agreement, all reasonable fees, expenses, disbursements and costs (including legal and other professional fees and expenses) incurred by the Owner Participant, the Owner Trustee, the Indenture Trustee and the Collateral Trust Trustee in connection with the refunding contemplated hereby; provided, however, that:

(i) Lessee shall pay a fee of $90,000 to the Owner Participant in connection with the refinancing;

(ii) Lessee shall pay a financial advisory fee of $30,000 to Cornerstone Financial Advisors, the financial advisor of the Owner Participant;

(iii) Lessee shall pay on an After Tax Basis the financial advisory fee and $50,000 of the fee payable to the Owner Participant, the amortization of which shall be reflected in Basic Rent and Casualty Values. Notwithstanding anything to the contrary in any of the Transaction Documents, Lessee shall not pay on an After Tax Basis (or otherwise indemnify the Owner Participant for) the $40,000 of the fee to the Owner Participant;

(iv) In the event that the financial advisory fee shall exceed the amounts set forth above, any such excess amounts, together with any other fees, expenses or disbursements of Owner Participant (including without limitation the fees and disbursements of legal counsel for the Owner Participant shall be for the

account of the Owner Participant, shall not be reimbursable by the Lessee, and shall be disregarded for the purposes of the Tax Indemnification Agreement;

(v) Lessee shall not be required to reimburse the Owner Participant for any other fees, expenses, disbursements or costs, whether payable under Section 14(b)(g)(ii) of the Participation Agreement or otherwise payable in connection with the refunding contemplated herein.

SECTION 7. Miscellaneous.

(a) Execution. This Refunding Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

(b) Governing Law. This Refunding Agreement has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the laws of the State of New York.

(c) Notices to Owner Participant. In accordance with Section 18 of the Participation Agreement, the Owner Participant does hereby designate that all communications, notices and consents to the Owner Participant provided for in the Participation Agreement shall be addressed as follows unless and until the Owner Participant shall hereafter designate another address in accordance with such Section 18:

Textron Financial Corporation
10 Dorrance Street
Post Office Box 6687
Providence, Rhode Island 02940-6687
Attention: Vice President - Law

Telephone: (401) 272-8000
Telecopy: (401) 751-1239

All payments required to be made to the "Owner Participant" under any Transaction Document shall be made to the following account unless and until the Owner Participant shall hereafter designate another account for such purpose: The Chase Manhattan Bank (National Association), One Chase Manhattan Plaza, New York, New York 10004, Attention: Account No. #910-2-414969, ABA #021-000-021 (Textron Financial Corporation (notify James E. McGeary)).

(d) Concerning the Owner Trustee. MTC and Stephen J. Kaba are entering into this Refunding Agreement solely as Owner Trustee under the Trust Agreement and not in their individual capacities. Anything herein to the contrary notwithstanding, all and each of the agreements herein made on the part of the Owner Trustee are made and intended not as personal agreements of MTC and Stephen J. Kaba but are made and intended for the purpose of binding only the Trust Estate.

(e) Concerning the Indenture Trustee. BTC and Stanley Burg are entering into this Refunding Agreement solely as Corporate Indenture Trustee and Individual Indenture Trustee, respectively, under the Indenture and not in their individual capacities. Anything herein to the contrary notwithstanding, all and each of the respective agreements herein made on the part of the Corporate Indenture Trustee and Individual Indenture Trustee, respectively, are made and intended not as personal agreements for BTC and Stanley Burg, as the case may be, but are made and intended solely as the agreements of the Corporate Indenture Trustee and the Individual Indenture Trustee pursuant to the Indenture, in the exercise of the powers and authority conferred and vested in the Corporate Indenture Trustee and Individual Indenture Trustee, respectively,pursuant to the Indenture.

(f) Owner Trustee's, Owner Participant's and Indenture Trustee's Obligations. The obligations and duties of the Owner Trustee, the Owner Participant and the Indenture Trustee under this Agreement are limited to those expressly set forth herein as obligations of the Owner Trustee, the Owner Participant and the Indenture Trustee, respectively. Without limiting the generality of the foregoing, neither the Owner Trustee nor the Owner Participant shall have any obligations or duties with respect to the redemption of the bonds issued by Original Funding Corporation or the issuance of the Bonds.

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Agreement to be duly executed by their respective officers thereunto duly authorized.

TEXTRON FINANCIAL CORPORATION
as Owner Participant

By _____
Name:
Title:

GG1B FUNDING CORPORATION

By _____
Name:
Title:

MERIDIAN TRUST COMPANY, not in its individual capacity, but solely as Corporate Owner Trustee under the Trust Agreement

By _____
Name:
Title:

By _____
STEPHEN J. KABA, not in his individual capacity, but solely as Individual Owner Trustee under the Trust Agreement

BANKERS TRUST COMPANY, not in its individual capacity but solely as Corporate Indenture Trustee

By _____
Name:
Title: Vice President

_____
STANLEY BURG, not in his individual capacity but solely as Individual Indenture Trustee

SYSTEM ENERGY RESOURCES, INC., as Lessee

By _____

Name:
Title:

SCHEDULE 1

Recordations and Filings

Part I. Land Record Filings.

A. Chancery Clerk, Claiborne County, Mississippi

1. Lease Supplement No. 2 to the Facility Lease.

2. Supplemental Indenture No. 2 to the Indenture.

3. Collateral Trust Indenture.

4. Supplemental Indenture No. 1 to the Collateral Trust Indenture.

Part II. Uniform Commercial Code Filings.

A. Chancery Clerk, Claiborne County, Mississippi:

1. UCC-3 to amend the UCC-l filed with respect to the Facility Lease naming SERI as Lessee and the Owner Trustee as Lessor, attaching thereto Lease Supplement No. 2 to the Facility Lease.

2. UCC-3 to amend the UCC-l filed with respect to the Indenture, naming the Owner Trustee as debtor and the Indenture Trustee as secured party in respect of the Lease Indenture Estate, attaching thereto Supplemental Indenture No. 2 to the Indenture.

3. UCC-l with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 2 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

B. Chancery Clerk, Hinds County, Mississippi:

1. UCC-3 to amend the UCC-1 filed with respect to the Facility Lease naming SERI as Lessee and the Owner

Trustee as Lessor, attaching thereto Lease Supplement No. 2 to the Facility Lease.

2. UCC-3 to amend the UCC-l filed with respect to the Indenture, naming the Owner Trustee as debtor and the Indenture Trustee as secured party in respect of the Lease Indenture Estate, attaching thereto Supplemental Indenture No. 2 to the Indenture.

3. UCC-l with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

C. Mississippi Secretary of State.

1. UCC-3 to amend the UCC-l filed with respect to the Facility Lease naming SERI as Lessee and the Owner Trustee as Lessor, attaching thereto Lease Supplement No. 2 to the Facility Lease.

2. UCC-3 to amend the UCC-l filed with respect to the Indenture, naming the Owner Trustee as debtor and the Indenture Trustee as secured party in respect of the Lease Indenture Estate, attaching thereto Supplemental Indenture No. 2 to the Indenture.

3. UCC-1 with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

D. Secretary of State of Delaware.

UCC-1 with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

E. Secretary of State of New York.

UCC-1 with respect to the Collateral Trust Indenture, as amended by Supplemental Indenture No. 1 thereto, naming GG1B Funding Corporation as debtor and Bankers Trust Company, Trustee, as secured party.

Schedule 2

Additional Pricing Assumptions

Basic Rent, Casualty Values and Special Casualty Values, as set forth in the Facility Lease, as amended by Supplement No. 2, dated as of January 1, 1994, for dates occurring after the Refunding Date set forth below, have been computed on the basis of the following additional pricing assumptions, which hereby supplement and amend Schedule 5 to the Participation Agreement:

1. Refunding Date: January 18, 1994

2. Interest Rate on and Amortization of Notes:

See Supplemental Indenture No. 2, dated as of January 1, 1994.

3. Refunding Expenses:

a) $775,025.85 paid by the Lessee on the Refunding Date on an After-Tax Basis (amortized on a straight-line basis during the period commencing on the Refunding Date and ending on the last day of the Basic Lease Term).

b) $6,534,775.05 paid by the Lessee on the Refunding Date in respect of the premium on the Notes redeemed on the Refunding Date.

c) $40,000 fee paid to Owner Participant on the Refunding Date not to be taken into account for pricing assumptions.

4. Additional Basic Rent: $82,331.15 as interest from January 15, 1994 to the Refunding Date on Notes which are redeemed on the Refunding Date.

5. Owner Participant's Marginal Federal Tax Rate: 35% (subject to proviso contained in Section 3(d) of the Lease).

Exhibit B-12

AMENDMENT NO. 1

dated as of January 1, 1994

to

TAX INDEMNITY AGREEMENT

dated as of December 1, 1988

between

[RESOURCES CAPITAL MANAGEMENT CORPORATION/
TEXTRON FINANCIAL CORPORATION]
as Beneficiary under a Trust Agreement,
dated as of December 1, 1988
with
MERIDIAN TRUST COMPANY,
AS OWNER TRUSTEE,

Lessor,

and

SYSTEM ENERGY RESOURCES, INC.
Lessee

AMENDMENT No. 1, dated as of January 1, 1994, to the Tax Indemnity Agreement dated as of December 1, 1988, between [Public Service Resources Corporation/Textron Financial Corporation] (the Owner Participant), with Meridian Trust Company, as Owner Trustee under a Trust Agreement, dated as of December 1, 1988 (the

Lessor) and System Energy Resources, Inc. (the Lessee). Capitalized terms not otherwise defined herein shall have the respective meanings specified in Appendix A to the Participation Agreement, as amended through and including the date hereof and the Refunding Agreement No. [1-A/2-A] (the Refunding Agreement).

W I T N E S S E T H:

A. The Owner Trustee, as Lessor, and the Lessee are parties to the Facility Lease, whereby the Lessor, as lessor, has leased the Undivided Interest to the Lessee, as lessee.

B. The Basic Rent payable by the Lessee under Section 3(e) of the Facility Lease, as adjusted pursuant to Lease Supplement No. 2, dated as of the date hereof, has been determined in part on the assumption that the Owner Participant will be entitled to certain Federal income tax benefits;

C. In connection with the issuance of the Refunding Notes and the Bonds, as contemplated by the Refunding Agreement, dated as of the date hereof, the parties hereto desire to amend the circumstances under which the Lessee shall be required to indemnify the Owner Participant for the loss of tax benefits;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the documents referred to above, the parties hereby agree as follows:

Section 1. Amendments

(a) The Tax Indemnity Agreement is hereby amended by inserting "and/or the Refunding Documents" after the term "Transaction Documents" throughout the Agreement.

(b) Section 1.1(h) of the Tax Indemnity Agreement is amended by the deletion of "and (vi)" and the substitution, in lieu thereof, of ", (vi) payment of Supplemental Rent in the amount of $_____, as contemplated by Section 3 of the Refunding Agreement in the year that such payment is made, and (vii)".

(c) Section 1.1 (i) of the Tax Indemnity Agreement is amended to read as follows:

"(i) The Owner Participant's marginal federal rate of tax is 34% for the taxable year that includes the Closing Date and for each taxable year which ends thereafter but

on or before December 31, 1992; and is 35% for the taxable year that ends on December 31, 1993 and for each taxable year thereafter."

(d) Section 1.1 of the Tax Indemnity Agreement is amended by the addition of the following new paragraphs (o) and (p):

"(o) The Owner Participant will be allowed a current deduction in the taxable year of the Owner Participant that includes the Refunding Date in an amount equal to the excess of the amount paid in redemption of the Bonds on that Date over the unpaid principal and accrued interest on such Bonds as of the Refunding Date (the Premium Deduction).

(p) The Owner Participant will be entitled to deduct the fees, costs and expenses referred to in Section 6 of the Refunding Agreement, other than those referred to in the second sentence of subparagraph (iii) thereof (the Refund Transaction Expenses) on a straight-line basis over the period that commences on the Refunding Date and concludes on the last day of the Basic Lease Term (the Refunding Amortization Deductions)."

(e) The final paragraph of Section 1.1 of the Tax Indemnity Agreement is amended by the deletion of "(n)" and the substitution, in lieu thereof, of "(p)".

(f) Section 3.1(a)(2)(A) of the Tax Indemnity Agreement is amended by the deletion of "or the Interest Deductions" and the substitution, in lieu thereof, of "the Interest Deductions, the Premium Deduction, or the Refunding Amortization Deductions".

(g) Section 1.2(d) of the Tax Indemnity Agreement is amended by inserting "the Premium Deduction, the Refunding Amortization Deductions," immediately after the phase "the Amortization Deductions,".

(h) Sections 6(a)(i) and 6(b) of the Tax Indemnity Agreement are amended by replacing the phrase "or the Interest Deductions" with the phrase ", the Interest Deductions, the Premium Deduction, or the Refunding Amortization Deductions".

Section 2. Miscellaneous.

(a) Execution. This Amendment No. 1 may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Although this Amendment No. 1 is dated as of the date first above written for convenience, the actual dates of the execution hereof by the parties hereto are respectively the dates set forth under the signatures hereto, and this Amendment No. 1 shall be effective on the latest of such dates.

(b) Governing Law. This Amendment No. 1 has been negotiated and delivered in the State of New York and shall be governed by, and be construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, intending to be legally bound, each of the parties hereto has caused this Amendment No. 1 to Tax Indemnity Agreement to be duly executed by an officer thereunto duly authorized.

[RESOURCE CAPITAL MANAGEMENT CORPORATION/
TEXTRON FINANCIAL CORPORATION]

By
Name:
Title:
Date:

SYSTEM ENERGY RESOURCES, INC.

By
Name:
Title:
Date:

Exhibit F

[Letterhead of Reid & Priest]

New York, New York
January 11, 1994

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Sirs:

We are familiar with (1) the Application-Declaration on Form U-1 (File No. 70-8215), as amended ("Application-Declaration"), filed by System Energy Resources, Inc. ("System Energy") with the Securities and Exchange Commission ("Commission") under the Public Utility Holding Company Act of 1935, as amended, contemplating, among other things, the refunding of debt incurred in connection with the sale and leaseback of a portion of System Energy's 90% undivided ownership interest in Unit 1 of the Grand Gulf Steam Electric Generating Station with the issuance and sale by GG1B Funding Corporation of two separate series of Secured Lease Obligation Bonds and (2) System Energy's proposed execution of a Collateral Trust Indenture, a Supplemental Indenture No. 1 to the Collateral Trust Indenture, an Underwriting Agreement, two Refunding Agreements, two Lease Supplements to the Facility Leases, two Supplemental Indentures to the Lease Indentures and an amendment to System Energy's existing Tax Indemnity Agreement in connection with said sale and leaseback, all as referred to and more fully described in the Application-Declaration (collectively, the "Transactions"). In connection therewith, we advise you that, in our opinion:

1. System Energy is a corporation duly organized and validly existing under the laws of the State of Arkansas.

2. In the event that the Transactions are consummated in accordance with the Application-Declaration:

(a) all state laws applicable to the

participation by System Energy in the Transactions will have been complied with (other than so-called "blue sky" laws or similar laws, upon which we do not pass herein); and

(b) the consummation of the Transactions will not violate the legal rights of the holders of any securities issued by System Energy or any associate company thereof.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state. We have made a study of the laws of other states insofar as they are involved in the conclusions stated herein.

We consent to the use of this opinion as an exhibit to the Application-Declaration.

Very truly yours,

REID & PRIEST