
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999.

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO .
COMMISSION FILE NO. 333-33397

NRG ENERGY, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	41-1724239
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1221 NICOLLET MALL, SUITE 700 MINNEAPOLIS, MINNESOTA (Address of principal executive offices)	55403 (Zip Code)

(612) 373-5300
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicated by check mark whether the Registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes X No ____

As of March 30, 2000, there were 1,000 shares of common stock, $1.00 par value, outstanding, all of which were owned by Northern States Power Company. No other voting or non-voting common equity is held by non-affiliates of the Registrant.

The Registrant meets the conditions set forth in General Instruction I (1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format. Documents Incorporated by Reference: None

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CONSOLIDATED STATEMENTS OF INCOME

NRG ENERGY, INC. AND SUBSIDIARIES

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PART I

ITEM 1 -- BUSINESS

GENERAL

NRG Energy, Inc. (the Company) is a leading participant in the independent power generation industry. Established in 1989 and wholly owned by Northern States Power Company (NSP), the Company is principally engaged in the acquisition, development, operations and maintenance of and ownership of power generation facilities. The power generation facilities in which the Company had interests (including those under construction) as of December 31, 1999, have a total design capacity of 20,728 megawatts (MW), of which the Company has or will have total or shared operational responsibility for 14,782 MW, and net ownership of, or leasehold interests in 10,990 MW.

The Company has experienced significant growth in the last year, expanding from 3,300 MW of net ownership interests in power generation facilities (including those under construction) as of December 31, 1998 to 10,990 MW of net ownership interests as of December 31, 1999. This growth resulted primarily from a number of domestic acquisitions, notably the acquisition from Niagara Mohawk Power Corporation (NIMO) of the Huntley and Dunkirk generating stations in upstate New York, the acquisition from Montaup Electric Company (MEC) of the Somerset generating station in Massachusetts, the acquisition from San Diego Gas and Electric Company of the Encina generating station and combustion turbines in California, the acquisition from Consolidated Edison Company of New York, Inc. (ConEd) of the Arthur Kill generating station and Astoria gas turbines in New York City and the acquisition of the Middletown, Montville, Norwalk and Devon generating stations in Connecticut from Connecticut Light & Power Company (CL&P). The Company's total operating revenues and equity in earnings of projects increased from $182.1 million and $81.7 million, respectively, in 1998 to $500.0 million and $67.5 million, respectively, in 1999.

The Company expects this growth to continue. The Company intends to acquire a 1,708 MW facility in Louisiana from Cajun Electric Power Cooperative, Inc. as part of its bankruptcy reorganization. The Company expects to acquire the 665 MW Killingholme A generating station from National Power plc. The Killingholme A generating station is a combined-cycle, gas turbine power station located in England. The Company plans to acquire 1,875 MW of fossil-fueled electric generating capacity and other assets from Conectiv of Wilmington, Delaware. These assets will add an additional 4,248 MW of net ownership interests in power generation facilities to the Company's existing portfolio. In addition, the Company announced that it has executed a memorandum of understanding with GE Power Systems, a division of General Electric Company, to purchase 11 gas turbine generators and five steam turbine generators over the next five years. The Company intends to install the 16 turbines, having a combined capacity of 3,000 MW, at certain of its existing North American plant sites.

The Company's headquarters and principal executive offices are located at 1221 Nicollet Mall, Suite 700, Minneapolis, Minnesota 55403. Its telephone number is (612) 373-5300.

STRATEGY

The Company intends to continue to grow through a combination of acquisitions and development of power generation facilities and related assets in the United States and abroad. The Company believes that its facility operations and engineering expertise, fuel and environmental strategies, labor and government relations expertise, legal and financial skills give us a competitive advantage in the independent power market. The Company also believes that its experience in meeting or exceeding applicable environmental regulatory standards and our environmental compliance record will give us an advantage as regulators continue to impose increasingly stringent environmental requirements on the operation of power generation facilities. In addition, the Company continues to have access to technical and administrative support from NSP on a contract basis to augment its own expertise. The Company believes the knowledge and expertise it has gained in the financial and legal restructuring of its existing facilities, as well as our engineering expertise and reputation with respect to environmental compliance and labor relations, can be effectively employed in the development of both domestic and international greenfield projects.

In the United States, the Company's near-term focus will be primarily on the acquisition of existing power generation facilities, particularly in situations in which its expertise can be applied to improve the operating and financial performance of the facilities. In connection with this focus, the Company studies the opportunities that may be created by the current restructuring of the domestic electric utility industry, particularly the divestiture by some utility companies of their generating assets. In connection with these utility company divestitures of generating assets, which may be held by a purchasing subsidiary in many instances, the sellers require that we remain directly liable for certain indemnity, operation, provision of replacement power and/or debt payment obligations. The Company intends to focus our domestic development activities primarily on the acquisition or development of facilities in excess of 100 MW and to pursue smaller projects when we have the opportunity to combine several smaller projects into a larger transaction. The Company is also working with several industrial companies to develop energy projects that would provide both electricity and steam for their production facilities. In addition, to the extent that the replacement of aging power generating capacity or growth in demand creates the need for new power generation facilities in the United States, the Company intends to pursue opportunities to participate in the development of such facilities.

In the international market, the Company will continue to pursue greenfield development and acquisition opportunities in those countries in which it believes that the legal, political and economic environment is conducive to increased foreign investment. Once the Company has developed one project in a country it uses that as a base to develop other projects in that same country or region, leveraging our experience and knowledge to enhance our likelihood of success in the area. The Company intends to continue to capitalize on opportunities created by the privatization of existing government-owned generating capacity. In addition, due to the significant existing demand for new power generating capacity in the international market, the Company intends to engage in the development of international greenfield projects. The Company intends to focus our international development activities primarily on the acquisition or development of facilities with capacity in excess of 100 MW and to pursue smaller projects when we have the opportunity to combine several smaller projects into a larger transaction. The Company believes that the global market will continue to provide attractive investment opportunities as the countries that have initiated privatization of their power generation capacity and have solicited bids from private companies to purchase existing facilities or to develop new capacity continue their privatization programs and other countries begin similar privatization efforts. Where appropriate, the Company will include a local or host country partner. By doing so, the Company expects to gain a number of advantages, including technical expertise possessed by others, greater knowledge of and experience with the political, economic,

cultural and social conditions and commercial practices of the region or country where the project is being developed, and the ability to leverage our human and financial resources. A local partner also may, among other things, assist in obtaining financing from local capital markets as well as building political and community support for the project.

The Company intends to pursue the acquisition and development of natural gas-fired power generation facilities where appropriate to complement its existing and anticipated future investments in coal and other solid fuel-fired facilities. The Company currently holds no interest in, and has no present intention of investing in, any nuclear generation facility.

RECENT EVENTS -- PROPOSED MERGER

On March 24, 1999, NSP, and New Century Energies, Inc., a Delaware corporation (NCE), entered into an Agreement and Plan of Merger (the Merger Agreement) providing for a strategic business combination of NCE and NSP to merge and form Xcel Energy. At the time of the merger, each share of NCE common stock, will be converted into the right to receive 1.55 shares of Xcel common stock. NSP shares need not be exchanged and will become Xcel Energy shares on a one-for-one basis. Cash will be paid in lieu of any fractional shares of Xcel common stock.

The merger requires approval or regulatory review by certain state utilities regulators, the SEC, the FERC, the Nuclear Regulatory Commission and the Federal Communication Commission and expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act (H-S-R). During June 1999, shareholders of both NSP and NCE approved the merger. The waiting period under H-S-R expired in March 2000. The FERC approved the merger in January 2000. The states of Kansas, Colorado and Arizona have approved the merger. Merger approval is not required in Michigan, Oklahoma, South Dakota or Wisconsin. Merger applications with regulators are pending in Minnesota, New Mexico, North Dakota, Wyoming and Texas, and at the SEC. While the Company cannot guarantee the timing or receipt of the necessary regulatory approvals, the Company expects the merger to be completed by the middle of 2000.

The merger is expected to be a tax-free, stock-for-stock exchange for shareholders of both companies (except for fractional shares) and to be accounted for as a pooling of interests. NSP and NCE have agreed to certain undertakings and limitations regarding the conduct of their businesses prior to the closing of the transaction. At the time of the merger, Xcel Energy will register as a holding company under the Public Utility Holding Company Act of 1935.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DIVESTITURES IN 1999

In February 1999, the Company purchased from Thermal Ventures, Inc. (TVI) the remaining 50.1% limited partnership interests held by TVI in San Francisco Thermal Limited Partnership and Pittsburgh Thermal Limited Partnership for $12.3 million. In April 1999, the Company acquired TVI's 50% member interest in North American Thermal Systems LLC (the entity holding the general partnership interest in the San Francisco and Pittsburgh partnerships) for $500,000.

In 1994, the Company, through a wholly-owned subsidiary, purchased a 50% ownership interest in Sunnyside Cogeneration Associates, a Utah joint venture, which owns and operates a 58 MW waste coal plant in Utah. The waste coal plant is currently being operated by a partnership that is 50% owned by a Company affiliate. In March 1999, the Company and its partner executed an agreement to sell the Sunnyside project to an affiliate of Baltimore Gas & Electric for a purchase price of $2.0 million. There was no gain or loss on the sale which closed during the second quarter of 1999.

In April 1999, the Company completed the acquisition of the Somerset power station for approximately $55 million from the Eastern Utilities Association

(EUA). The Somerset station, located in Somerset, Massachusetts, includes two coal-fired generating facilities and two aeroderivative combustion turbine peaking units with a capacity rating of 160 MW, excludes 69 MW on deactivated reserve. In connection with this acquisition, the Company entered into a Wholesale Standard Offer Service Agreement pursuant to which the Company is obligated to provide approximately 30% of the energy and capacity requirements of certain EUA affiliates (which is estimated to be approximately 275 MW at peak requirement) until December 31, 2009.

In May 1999, the Company and Dynegy Power Corporation (Dynegy), through West Coast Power LLC, completed the acquisition of the Encina generating station and 17 combustion turbines for approximately $356 million from San Diego Gas & Electric Company. The facilities, which have a combined capacity rating of 1,218 MW, are located near Carlsbad and San Diego, California. The Company and Dynegy each own a 50% interest in these facilities.

In June 1999, the Company completed its acquisition of the Huntley and Dunkirk generating stations from NIMO for approximately $355 million. The two coal-fired power generation facilities are located near Buffalo, New York, and have a combined capacity rating of 1,360 MW. In connection with this acquisition, the Company entered into several Transition Power Purchase Agreements and a related swap agreement with NIMO pursuant to which NIMO purchases certain energy and capacity from these facilities for a term of four years.

In June 1999, the Company completed its acquisition of the Arthur Kill generating station and the Astoria gas turbine station from ConEd for approximately $505 million. These facilities, which are located in the New York City area, have a combined capacity rating of 1,456 MW. In connection with the acquisition of each facility, the Company entered into (i) Transition Energy Sales Agreements pursuant to which energy from each facility is sold to ConEd for a transition period ending on the date on which the independent system operator in New York State (NYISO) commences operation of a spot market (which commencement date was November 18, 1999) for energy and certain ancillary services, and (ii) Transition Capacity Sales Agreements pursuant to which capacity from each facility is sold to ConEd for a transition period ending on the later of (a) the earlier of (i) December 31, 2002 or (ii) the date such facility receives notice from the NYISO that none of the electric generating capacity of such facility is required for meeting the installed capacity requirements in New York City, or (b) the date the NYISO commences an auction for system capacity. Pursuant to the Transition Energy Sales Agreements, the Company agreed to sell to ConEd at a fixed price varying amounts of energy from the Arthur Kill generating facility and the Astoria gas turbine generating facility, in each case in amounts to be specified by ConEd, up to the full capability of each facility. Pursuant to the Transition Capacity Sales Agreements, the Company has agreed to sell to ConEd at a fixed price, during certain periods, up to 100% of the capacity of the Arthur Kill generating facility and up to 100% of the capacity of the Astoria gas turbines facility.

The Company, together with its partner and the Creditor's committee, filed a plan with the United States Bankruptcy court for the Middle District of Louisiana to acquire 1,708 MW of fossil generating assets from Cajun Electric Power Cooperative of Baton Rouge, Louisiana (Cajun) for approximately $1.0 billion. During the third quarter, the U.S. Bankruptcy Judge confirmed the Creditor's Plan of Reorganization and the Company exercised an option to purchase its partner's 50-percent interest in the project. The Company expects to close the acquisition of the Cajun assets during the first quarter of 2000.

In August, the Company agreed to sell all but a 20 percent ownership interest in Cogeneration Corporation of America (CogenAmerica) to Calpine Corporation (Calpine) in connection with Calpine's acquisition of the remaining shares of CogenAmerica. Prior to December 1999, the Company owned approximately 45 percent of CogenAmerica. Upon closing of the transaction, all outstanding shares of CogenAmerica common stock (other than those retained by the Company)

were acquired by Calpine for a cash purchase price of $25.00 per share. The transaction closed during the fourth quarter of 1999 and the Company retained a 20-percent ownership interest in CogenAmerica.

In October 1999, the Company completed its acquisition of the Oswego generating station from NIMO and Rochester Gas and Electric for approximately $85 million. The oil and gas-fired power generating facility which has a capacity rating of 1,700 MW, is located on a 93-acre site in Oswego, New York. This facility consists of two units each having a capacity rating of 850 MW. In connection with this acquisition, the Company entered into a Transition Power Purchase Agreement with NIMO similar to those entered into in connection with the acquisitions of the Dunkirk and Huntley facilities. Pursuant to this agreement, the Company has agreed to sell 100% of the capacity of one unit, an option for up to 40% of the capacity of the other unit, and an option to purchase a nominal amount of energy to NIMO for a term of four years.

In December 1999, the Company acquired four fossil fuel generating stations and six remote gas turbines from CL&P for approximately $460 million, plus adjustments for working capital. These facilities are located throughout Connecticut and have a combined capacity rating of 2,235 MW. The Company entered into a Standard Offer Service Wholesale Sales Agreement with CL&P pursuant to which the Company will supply CL&P with 35% of its standard offer service load during 2000, 40% during 2001 and 2002, and 45% during 2003. The Company estimates that 45% of CL&P's standard offer service load in 2003 will be approximately 2,070 MW at peak requirement. The Agreement terminates on December 31, 2003.

In December 1999, the Company purchased a 50% interest in the Rocky Road Power Plant, a 250 MW natural gas fired simple-cycle peaking facility in East Dundee, IL from Dynegy Inc., for approximately $60 million. The power plant began commercial operations on June 30, 1999 and received approval in October 1999, for the installation of an additional 100 MW natural gas combustion turbine, increasing the facilities generating capacity to 350 MW. The expansion is expected to be in service before the start of the peak summer 2000 season.

SIGNIFICANT EQUITY INVESTMENTS

LOY YANG POWER

The Company has a 25.4% interest in Loy Yang Power (Loy Yang) which owns and operates a 2,000 MW brown coal fired thermal power station (the Power Station) and the adjacent Loy Yang coal mine (the Mine) located in Victoria, Australia. The Power Station has four generating units, each with a 500 MW boiler and turbo generator, which commenced commercial operation between July 1984 and December 1988. In addition, Loy Yang manages the common infrastructure facilities which are located on the Loy Yang site, which services not only the Power Station, but also the adjacent Loy Yang B 1000 MW power station (Loy Yang B), a pulverized dried brown coal plant, and several other nearby power stations.

Loy Yang is required by law to sell its entire output of electricity (subject to certain narrow exemptions, including output used in the Power Station and the Mine) through the competitive wholesale market for electricity operated and administered by the Victorian Power Exchange (the Pool). There are two components to the wholesale electricity market in Victoria. The first is the Pool. The second is the price hedging contracts, known as Contracts for Differences (or CFDs), that are entered into between electricity sellers and buyers in lieu of traditional power purchase agreements, which are not available in Victoria because of the Pool system.

Under the Victorian regulatory system, all electricity generated in Victoria must be sold and purchased through the Pool. All licensed generators and suppliers, including Loy Yang, are signatories to a pooling and settlement agreement, which governs the constitution and operation of the Pool and the

calculation of payments due to and from generators and suppliers. The Pool also provides centralized settlement of accounts and clearing. Prices for electricity are set by the Pool daily for each half hour of the following day based on the bids of the generators and a complex set of calculations matching supply and demand and taking account of system stability, security and other costs. Under a new national electricity market, the grid in Victoria has been interconnected with that of New South Wales and limited trading is already taking place between those states. Over the long term, there are plans for the interconnection of the eastern seaboard states to establish what will be known as a national power pool.

In a pool system, it is not possible for a generator such as Loy Yang to enter into traditional power purchase agreements. In order to provide a hedge against Pool price volatility and to support their financings, most of the Victorian generators have entered into CFDs with the Victorian distribution companies, Victorian government entities and industrial users (customers). These CFDs are financial hedging instruments, which have the effect of fixing the price for a specified quantity of electricity for a particular seller and purchaser over a defined period. They establish a "strike price" for a certain volume of electricity purchased by the user during a specified period; differences between that "strike price" and the actual price set by the Pool give rise to "difference payments" between the parties at the end of the period. Even if Loy Yang is producing less than its contracted quantity it will still be required to make and will be entitled to receive difference payments for the amounts set forth in its CFDs.

Loy Yang's current CFDs with the Victorian distribution companies and other Victorian government entities in respect of regulated customer load (which are called vesting contracts) cover approximately 64% of Loy Yang's forecast revenue from generation, thus providing considerable stability in its income over that period. Loy Yang also enters into CFDs with its unregulated or contestable customers. These CFDs are known as hedging contracts and, together with the vesting contracts with the regulated customers, cover approximately 95% of Loy Yang's forecast load at December 31, 1999. Each of the vesting contracts expires at the end of the franchise period (December 31, 2000), by which time all retail customers will have become contestable customers by operation of law. Loy Yang's hedging contracts are generally for a term of one to two years, and the volume of load covered by these contracts is expected to increase as retail customers progressively become contestable. Loy Yang's goal is to cover 85% of its forecast load with hedging contracts.

Loy Yang and the State Electricity Commission of Victoria (SECV) have been issued a joint mining license for the Mine. Under the terms of the privatization, Loy Yang is required to mine coal to supply not only its own Power Station but also the neighboring Loy Yang B, a nearby plant, and an additional future power station that could be developed on a nearby site. This requirement extends to 2027, but may be extended for an additional 30 years at the SECV's option. Loy Yang receives a fixed capacity charge and a variable energy charge for these services, coupled with a system of initiatives and penalties. Loy Yang has over 70 years of economically viable coal supply at current usage rates within its mine license area, even assuming that it is required to continue supplying coal to the other parties beyond 2026.

On the basis of historical Australian power pool prices, absent project debt restructuring, the Loy Yang project company will experience difficulty in servicing its long-term debt obligations. This, in turn, could trigger a senior debt default under the loan documents on or about June 2001 continuing until June 2003 as a result of the Debt Service Cover Ratio falling below prescribed threshold levels. This would trigger a senior debt "lock-up" under the project's loan documents, which lock-up would prevent the Loy Yang A project company from making equity distributions to its owners. As the Company did not expect the Loy Yang A project company would make any equity distributions in the immediate future, a senior debt lock-up will not have a materially adverse effect on the Company's results of operations.

Effective December 9, 1999, the Australian government reduced the corporate income tax rate from 36% to 34% for the tax year 2000/2001 and from 34% to 30% for the tax years thereafter. The deferred tax assets and liabilities were restated to the appropriate tax rate, which resulted in a negative impact on net income of $3.4 million for 1999.

In February 2000, CMS Energy (CMS) announced its intentions to divest its 49.6 percent ownership in Loy Yang Power, its only asset in eastern Australia. CMS Energy indicated it was selling the asset because it was no longer of strategic value to their portfolio and had not met financial expectations. The Company believes the fundamentals behind the power station are still sound and it will attract interest from other bidders. The Company has not decided if it will bid for the CMS stake in Loy Yang Power. The remaining partners in Loy Yang Power have pre-emptive rights over any sale of equity and any debt restructuring.

GLADSTONE POWER STATION

The Gladstone Power Station (Gladstone) is a 1,680 MW coal-fired power generation facility located in Gladstone, Australia. The Company acquired a 37.5% ownership interest in Gladstone when the facility was privatized in March 1994. The other participants in this acquisition are subsidiaries or affiliates of Comalco Limited, Marubeni Corporation, Sumitomo Corporation and Sumitomo Light Metal Industries, Mitsubishi Corporation and Mitsubishi Materials Corporation, and Yoshida Kogyo (the Participants). NRG Gladstone Operating Services Pty. Ltd., a wholly owned subsidiary of the Company (NRG Gladstone), operates Gladstone under an operations and maintenance agreement expiring in 2011.

Gladstone sells electricity to the Queensland Power Trading Corporation (QPTC) and also to Boyne Smelters Limited (BSL) located at Boyne Island, Queensland (the Smelter). Pursuant to an Interconnection and Power Pooling Agreement (the IPPA), the Participants have the right to interconnect Gladstone to the QPTC system and QPTC is obligated to accept all electricity generated by the facility (subject to merit order

dispatch), for an initial term of 35 years. QPTC also has agreed under the IPPA to permit the Smelter to interconnect to the QPTC system and to provide sufficient generating capacity on its system in order to provide an uninterrupted supply of power to the Smelter in most circumstances. The Participants are obligated to maintain a 35% reserve margin for the Smelter design load, but the QPTC is obligated to provide capacity support to the Participants to make up any shortfall between the available capacity from Gladstone and the Smelter demand at any given time.

The QPTC also entered into a 35 year Capacity Purchase Agreement (CPA) with each of the Participants for its percentage of the capacity of Gladstone, excluding that sold directly to the Smelter. Under the CPAs, the Participants are paid both a capacity and an energy charge by the QPTC. The capacity charge is designed to cover the projected fixed costs allocable to the QPTC, including debt service and an equity return, and is adjusted to reflect variations in interest rates. A capacity bonus is also available if the equivalent availability factor exceeds 88% on a rolling average basis, and damages are payable by the Participants if it is less than 82% on that same basis. As of December 31, 1999, the two-year average equivalent availability factor was 87.7%. The QPTC also pays an energy charge, which is intended to cover fuel costs.

The owners of the Smelter (BSL) have also entered into a Block A Power Purchase Agreement (PPA) and Block B PPA with each Participant, providing for the sale and purchase of such Participant's percentage share of capacity allocated to the existing Smelter. The term of each of these PPAs is 35 years. BSL is obligated to pay to each Participant a demand charge that is intended to

cover the fixed costs of supplying capacity to the existing Smelter and the Smelter expansion, including debt service and return on equity. BSL also is obligated to pay an energy charge based on the fuel cost associated with the production of energy from the facility. The Smelter expansion resulted in an increase in Gladstone capacity utilization from approximately 41% in 1994 to 60% in 1999. The Company anticipates that the capacity utilization will increase to 64% in 2000.

Effective December 9, 1999, the Australian government reduced the corporate income tax rate from 36% to 34% for the tax year 2000/2001 and from 34% to 30% for the tax years thereafter. The Gladstone Power Station has restated its tax assets and liabilities to the appropriate tax rate. The reduced corporate income tax rate resulted in an increase in net income of $3.9 million for 1999.

NRG Gladstone is responsible for operation and maintenance of Gladstone pursuant to a 17 year operation and maintenance agreement that commenced in 1994. NRG Gladstone is entitled to a base fee of AUS$ 1.25 million per year indexed in accordance with the Australian Consumer Price Index (ACPI) (approximately U.S. $0.896 million, based on exchange rates and ACPI in effect at December 31, 1999), and an annual bonus based on the capacity bonuses to which the Participants are entitled under the CPAs. NRG Gladstone is obligated to pay liquidated damages for shortfalls in availability in an amount calculated by reference to the liquidated damages payable by the Participants under the CPAs and the PPAs. NRG Gladstone's obligations under the operation and maintenance agreement are unconditionally guaranteed by the Company, subject to an aggregate liability cap of AUS$ 25.0 million indexed in accordance with ACPI (approximately U.S. $16.4 million, based on exchange rates and ACPI in effect at December 31, 1999).

COLLINSVILLE POWER STATION

The Collinsville Power Station (Collinsville) is a 192 MW coal-fired power generation facility located in Collinsville, Australia. In March 1996, the Company acquired a 50% ownership interest in Collinsville when it was privatized by the Queensland State government. The Company's partner in this acquisition is Transfield Holdings Pty Ltd (Transfield), an Australian infrastructure contractor, with which the Company formed an unincorporated joint venture to refurbish this plant. The joint venture contracted with an affiliate of Transfield to complete the refurbishment of the facility under a turn-key contract. The operation and maintenance of the facility was undertaken by Collinsville Operations Pty Ltd. (COPL), a 50% owned subsidiary of the Company. COPL has entered into a maintenance contract with Transfield to perform required maintenance on the facility and a technical services agreement with the Company for staffing and assistance with certain operational functions.

Collinsville Power Station commenced operations on August 11, 1998. The Company and Transfield have entered into an 18 year Power Purchase Agreement (PPA) with QPTC. Under this agreement QPTC will pay both a capacity and an energy charge to the participants. The capacity charge is designed to cover the projected fixed costs allocable to QPTC, including debt service and equity return. The energy charge is based on the fuel costs associated with the production of energy from the facility.

Effective December 9, 1999, the Australian government reduced the corporate income tax rate from 36% to 34% for the tax year 2000/2001 and from 34% to 30% for the tax years thereafter. The Collinsville Power Station has restated its tax assets and liabilities to the appropriate tax rates as of December 31, 1999. The reduced corporate income tax rate resulted in an increase of $38,376 in net income for 1999.

MIBRAG

The Company owns an indirect 33 1/3% interest in the equity of Mitteldeutsche Braunkohlengesellschaft mbH (MIBRAG) which owns coal mining,

power generation and associated operations, all of which are located south of Leipzig, Germany. MIBRAG is a corporation formed by the German government following the reunification of East and West Germany, to hold two open-cast brown coal (lignite) mining operations, a lease on an additional mine, three lignite-fired industrial cogeneration facilities and briquette manufacturing and coal dust plants, all located in the former East Germany. In connection with the acquisition, the Company and its partners agreed to invest (from cash flow from MIBRAG operations) in excess of DM 1 billion (US $514.9 million based on the exchange rate as of December 31, 1999) by December 31, 2004 to modernize the existing mines and power generation facilities and to develop new open-pit mines. The German government is obligated to provide certain guarantees of bank loans to MIBRAG relating to capital improvements to the Schleenhain mine. MIBRAG also agreed to operate the three power generation facilities until 2005, to operate the briquette plants in accordance with market demand until 2005, and to operate the lignite mines until continued operation of the mines is no longer economically justifiable. In addition, MIBRAG has made certain employee retention commitments until 2000.

MIBRAG's cogeneration operations consist of the 110 MW Mumsdorf facility, the 86 MW Deuben facility and the 37 MW Wahlitz facility. These facilities provide power and thermal energy for MIBRAG's coal mining operations and its briquette manufacturing plants. All power not consumed by MIBRAG's internal operations is sold under an eight-year PPA with Westsachsische Energie Aktiengesellschaft (WESAG), a recently privatized German electric utility. The Company and PowerGen plc (Powergen) jointly, through Saale Energie Services GmbH (Saale), provide consulting services for a fee for the operation of the MIBRAG steam and power generation facilities, the associated electrical and thermal transmission and distribution system and the briquette manufacturing plants, under a power consultancy agreement with MIBRAG for the life of the facilities. After some retrofitting was completed by MIBRAG, the Company believes that all three of these cogeneration facilities now satisfy the current European Union environmental regulations. MIBRAG leases these cogeneration facilities under a 13-year lease pursuant to which MIBRAG has operating control of, and a 1% interest, in the facilities.

MIBRAG's lignite mine operations include Profen, Zwenkau and Schleenhain with total estimated reserves of 776 million metric tons. Morrison Knudsen, an international mining company, provides consulting services to the mines under a consultancy agreement with MIBRAG for the life of the mines. In addition to providing approximately 3 million tons of lignite per year for MIBRAG's three cogeneration facilities and one briquette facility, output from these mines supplies lignite to the Schkopau power station and other facilities. The total output of the refurbished Schleenhain mine is dedicated to the new 1,730 MW Lippendorf power station. MIBRAG is currently supplying coal for the existing Lippendorf facility, which is expected to close at the end of March 2000. The first unit of the new Lippendorf facility has commenced operations and the second new unit is expected to commence operations in May of 2000.

SCHKOPAU POWER STATION

In 1993, the Company and PowerGen plc of the United Kingdom each acquired a 50% interest in a German limited liability company, Saale Energie GmbH (Saale). Saale then acquired a 41.9% interest in a

960 MW coal-fired power plant that was under construction in the city of Schkopau, Germany. PreussenElecktra Kraftwerke Ag (PE), a German energy company, owns the remaining 58.1% interest in Schkopau and operates the plant. The partnership of Saale and PE that owns the plant is called Kraftwerk Schkopau GbR (KS).

The first 425 MW unit of the Schkopau plant began operation in January 1996, the 110 MW turbine went into commercial operation in February 1996, and the second 425 MW unit came on line in July 1996.

PE operates and maintains the Schkopau facility under an operation and maintenance contract with Kraftwerk Schkopau Betriebsgesellschaft mbH, a German limited liability company (KSB), in which Saale and PE hold interests of 44.4% and 55.6% respectively, and which is responsible for the operation and maintenance of the facility pursuant to certain agreements with each of Saale and PE. PE is paid a management fee made up of several variable components that are adjusted according to changes in, among other things, labor costs, producer prices for light fuel oil and prices for electricity. Pursuant to the KSB partnership agreement between Saale and PE and the Saale shareholders agreement between the Company and PowerGen, the Company has the right to participate in the oversight of facility operations and in the approval and oversight of facility budgets and policies. The plant is fueled by brown coal which is provided under a long-term contract by MIBRAG's Profen lignite mine.

Pursuant to the KS partnership agreement between Saale and PE, each partner has been allocated a share of capacity and energy generated by the facility. Saale sells its allocated 400 MW portion of the plant's capacity under a 25-year contract with VEAG, a major German utility which controls the high-voltage transmission of electricity in the former East Germany. VEAG pays a price that is made up of three components, the first of which is designed to recover installation and capital costs, the second to recover operating and other variable costs, and the third to cover fuel supply and transportation costs. The Company receives 50% of the net profits from these VEAG payments through its ownership interest in Saale.

COBEE

In December 1996, the Company acquired an interest in Compania Boliviana de Energia Electrica S.A.-Bolivian Power Company Limited (COBEE), the second largest generator of electricity in Bolivia. The acquisition was consummated through a Netherlands corporation, Tosli Investments B.V. (Tosli), which is equally owned by subsidiaries of the Company and Vattenfall AB of Sweden (Vattenfall). In December 1996, Tosli completed a successful tender offer for the shares of COBEE, which were listed on the New York Stock Exchange, acquiring 96.6% of COBEE's outstanding common shares for a total purchase price of $175 million. COBEE shares were delisted in January 1997. In November 1999, Tosli, successfully completed a second tender offer for shares of COBEE. As a result, Tosli currently holds 98.19% of COBEE's outstanding common shares. In addition, COBEE has met the requirements to deregister from the Securities and Exchange Commission and effective November 9, 1999 deregistered. The COBEE board of directors consists of three designees of the Company, three designees of Vattenfall and three directors appointed jointly by the Company and Vattenfall.

COBEE has entered into an electricity supply contract with Electricidad de La Paz S.A., a Bolivian distribution company, (Electropaz) which provides that COBEE shall supply Electropaz with all of the electricity that COBEE can supply, up to the maximum amount of electricity required by Electropaz to supply the requirements of its distribution concession. This electricity supply contract expires in December 2008. COBEE has entered into a substantially similar contract with Empresa de Luz Fuerza Electricade Oruro, another Bolivian distribution company, S.A. (ELF). All payments by Electropaz and ELF are in local currency, tied to the value of the U.S. dollar.

COBEE operates its electric generation business under a 40-year concession granted by the Government of Bolivia in 1990, as most recently amended in March 1995. Under this concession, COBEE is entitled to earn a return of 9% after all operating expenses, depreciation, taxes and interest expense, calculated on its U.S. dollar rate base, consisting of net fixed assets at historical cost in U.S. dollars and working capital and materials up to certain limits. The Bolivian Electricity Code also provides for the adjustment of rates to compensate COBEE for any shortfall or to recapture any excess in COBEE's actual rate of return during the

previous year. COBEE periodically applies to the Superintendent of Electricity for rate increases sufficient to provide its 9% rate of return based on COBEE's

current operating results and its projection of future revenues and expenses.

COGENERATION CORPORATION OF AMERICA

On January 18, 1996, the U.S. Bankruptcy Court for the District of New Jersey awarded the Company the right to acquire a 41.86% equity interest in O'Brien Environmental Energy, Inc. (O'Brien), which emerged from bankruptcy on April 30, 1996 and was renamed "NRG Generating (U.S.) Inc." (NRGG). On July 20, 1998, NRGG's name was changed to Cogeneration Corporation of America. Prior to December 1999, the Company held 45.21% of the common stock of CogenAmerica. The remaining 54.79% of the common stock was held publicly. CogenAmerica has interests in six domestic operating projects with an aggregate capacity of approximately 575 MW. CogenAmerica's principal operating projects include: (a) the 54 MW Newark Boxboard Project (which is owned 100% by a wholly-owned project subsidiary of CogenAmerica), a gas-fired cogeneration facility that sells electricity to Jersey Central Power & Light (JCP&L) and steam to Newark Group Industries, Inc.; (b) the 122 MW E.I. du Pont Parlin Project (which is owned 100% by a wholly-owned project subsidiary of CogenAmerica), a gas-fired cogeneration facility that sells electricity to JCP&L and steam to E.I. du Pont de Nemours and Company; (c) an 83% interest in a 22 MW standby/peak sharing facility which provides electricity and standby capabilities for the Philadelphia Municipal Authority; (d) a 50% interest in the 150 MW Grays Ferry project, a gas-fired cogeneration project located in Philadelphia, Pennsylvania, which sells electricity to Philadelphia Electricity Company (PECO). PECO attempted to terminate the PPA with respect to the Grays Ferry project. The Grays Ferry partnership in turn commenced litigation claiming there is no basis for termination of such agreement. On April 23, 1999, Grays Ferry and PECO reached a final settlement on the resolution of the litigation concerning the parties' PPA. Under the terms of the settlement, PECO transferred its one-third ownership interest in the 150 MW project to Grays Ferry. As a result CogenAmerica's interest in Grays Ferry increased to 50%, effective April 23, 1999.; (e) the 117 MW Morris project, a gas-fired cogeneration project located in Morris, Illinois, which sells electricity and steam to Equistar Chemicals; (f) the 110 MW MCPC project, a gas-fired cogeneration project located in Pryor, Oklahoma, which sells electricity to Oklahoma Gas and Electric and steam to a number of industrial users.

On October 9, 1998, CogenAmerica acquired the Company's 50% interest in MCPC, a 110 MW cogeneration project located in Pryor, Oklahoma. CogenAmerica also acquired the remaining 50% interest in this project from Decker Energy International Inc., and associated entities. The project sells electricity to Oklahoma Gas and Electric and steam to a number of industrial users. The purchase price was approximately $23.9 million.

On December 30, 1997 CogenAmerica acquired from the Company 100% of the membership interests in NRG (Morris) Cogen, LLC which was building a 117 MW cogeneration plant on the site of the Equistar Chemicals, LP (Equistar) manufacturing facility in Morris, Illinois. In connection with the sale, the Company committed to finance the acquisition price pursuant to a loan agreement between the Company and CogenAmerica and the Company guaranteed the obligation of CogenAmerica to invest equity into the project company.

CogenAmerica's Morris facility experienced two unscheduled outages in January 1999, which resulted in service and business interruptions to Equistar. The Company, as a provider of construction management services and operation and maintenance services to the Morris facility has participated with CogenAmerica and Equistar in an investigation into this matter. This investigation, which includes an examination of the respective rights and obligations of the parties with respect to one another and with respect to potentially responsible third parties, including insurers, is continuing. Although it is not possible at the present time to assess the Company's potential exposure related to the two outages, the Company does not believe that any claims which may be brought against it will have a material financial impact on the Company.

In August 1999, CogenAmerica entered into an Agreement and Plan of Merger (Merger Agreement) with Calpine and Calpine East Acquisition Corp. (Calpine Acquisition) pursuant to which Calpine

Acquisition and CogenAmerica merged. At closing of the merger, all outstanding shares of CogenAmerica common stock (other then shares held by Calpine Acquisition) were converted into the right to receive $25.00 per share in cash. Concurrently with the Merger Agreement, the Company entered into a Contribution and Stockholders Agreement with Calpine and Calpine Acquisition. Immediately prior to the closing of the merger, the Company contributed approximately 20% of its CogenAmerica shares to Calpine Acquisition in exchange for 20% of the shares of stock of the surviving corporation. The transaction closed during the fourth quarter of 1999, the Company recognized a pretax gain on the sale of approximately $11 million.

WEST COAST POWER

In May 1999, Dynegy Power Corporation (Dynegy) and the Company formed West Coast Power LLC (West Coast Power), a Delaware limited liability company, 50% owned by affiliates of each sponsor. West Coast Power serves as the holding company for a portfolio of operating companies which own generating assets in Southern California. These assets are currently comprised of the El Segundo Generating Station, the Long Beach Generating Station, the Encina Generating Station and 17 Combustion Turbines in the San Diego area (the Encina Combustion Turbines).

El Segundo Generating Station: The El Segundo Generating Station is a 1,020 MW plant consisting of four units: two units at 175 MW each and two units at 335 MW each. El Segundo was purchased from the Southern California Edison Company through a competitive bid process for $87.7 million on April 3, 1998. El Segundo sells electricity through the California power exchange.

Long Beach Generating Station: The Long Beach Generating Station is a 530 MW plant with seven 60 MW gas turbine generators and two 70 MW steam turbine units. The Long Beach plant was purchased from Southern California Edison Company on March 31, 1998 through a competitive bid process for $29.8 million. Long Beach sells peak electricity and ancilliary services through the California power exchange and through bilateral contracts.

Encina Generating Station: The Encina Generating Station is located in Carlsbad, California and consists of five steam-electric generating units and one combustion turbine with net generating capacity of 965 MW. Encina was purchased from San Diego Gas & Electric on May 21, 1999, at a purchase price of $290.5 million.

Encina Combustion Turbines: The Encina Combustion Turbine assets consist of 17 combustion turbine generator sets (the CT's) with an aggregate capacity of 253 MW, located on seven different sites in San Diego County. On May 21, 1999, the Company and Dynegy, purchased the CT's from San Diego Gas & Electric through a competitive bid process. The CT's acquisition had a purchase price of $69.1 million. The CT's have the ability to provide spinning reserve, black start capability, quick start capability, voltage support and quick load capability for the ancilliary services market.

SIGNIFICANT WHOLLY-OWNED OPERATIONS

MINNEAPOLIS ENERGY CENTER

Minneapolis Energy Center (Energy Center) provides steam and chilled water to customers in downtown Minneapolis, Minnesota. Energy Center currently provides 92 customers with 1.6 billion pounds of steam per year and 39 customers with 40.8 million ton-hours of chilled water per year. The Company acquired Energy Center in August 1993 for approximately $110 million. Energy Center's assets include two combined steam and chilled water plants, three chilled water plants, two steam plants, six miles of steam and two miles of chilled water distribution lines. The Energy Center plants have a combined steam capacity of 1,408 mmBtus per hour (413 MWt) and cooling capacity of 40,750 tons per hour.

Energy Center provides steam and chilled water to its customers pursuant to energy supply agreements, which expire at varying dates from December 1999 to March 2019. Historically, Energy Center has renewed its energy supply agreements as they near expiration. With minor exceptions, these agreements are standard form contracts providing for a uniform rate structure consisting of three components: a demand charge designed to recover MEC's fixed capital costs, a consumption charge designed to provide a per unit margin, and an operating charge designed to pass through to customers all fuel, labor, maintenance, electricity and

other operating costs. The demand and consumption charges are adjusted in accordance with the Consumer Price Index every five years.

During the fourth quarter of 1999, the Energy Center acquired Dayton's (Target Corporation) steam and chilled water facility located in Minneapolis, Minnesota. The acquisition added 85 mmBtus of steam capacity and 3,600 tons of chilled water. The facilities were acquired for approximately $3.0 million.

NORTH AMERICAN THERMAL SYSTEM

In February 1999, the Company purchased from TVI the remaining 50.1% limited partnership interest in San Francisco Thermal Limited Partnership and Pittsburgh Thermal Limited Partnership for $12.3 million. In April 1999, the Company acquired TVI's 50% member interest in North American Thermal Systems LLC (NATS) for $500,000. The Company owns 100% of the North American Thermal Systems limited partnership which holds the operating assets of the San Francisco, California and Pittsburgh, Pennsylvania district heating and cooling operations. The San Francisco thermal system has approximately 185 customers and a capacity of 490 mmBtu/hr of steam. The Pittsburgh thermal system has approximately 29 steam customers and 27 chilled water customers. It has a capacity of 240 MMBtu/hr of steam and 10,180 tons of chilled water.

ROCK-TENN

The Rock-Tenn process steam operation, which is owned and operated by the Company, consists of a five-mile closed-loop steam/condensate line that delivers steam to the Rock-Tenn Company (RTC) (formerly Waldorf Corporation), a paper manufacturer in St. Paul, Minnesota. Rock-Tenn has a peak steam capacity of 430 mmBtus per hour (126 MWt). As a result of the settlement of a 1987 dispute between RTC and NORENCO Corporation (a predecessor of the Company), RTC prepaid revenues for future steam service. As of December 31, 1999, deferred revenues remaining were approximately $2.0 million.

The Company delivers steam to RTC under a steam sales agreement, pursuant to which RTC is obligated to purchase its total energy needs for its St. Paul, Minnesota facility through June 30, 2007. The agreement does not obligate RTC to purchase a minimum quantity of energy. Instead, RTC failure to purchase a certain quantity of energy during a given contract year triggers the Company's right to terminate the agreement, unless RTC elects to compensate the Company for the deficit energy usage amount.

NEO CORPORATION

NEO Corporation (NEO) is a wholly-owned project subsidiary of the Company that was formed to develop small power generation facilities, ranging in size from 1 to 50 MW, in the United States. NEO is currently focusing on the development and acquisition of landfill gas projects, the acquisition of small hydroelectric projects, the development of distributed generation projects and the acquisition of other green power assets.

Through the investment vehicle, Northbrook Energy, L.L.C. (Northbrook), NEO has a 50% interest in eighteen small operating hydroelectric projects, ranging in size from 1 MW to 33 MW and having a total capacity of 71 MW. As of December 31, 1999, NEO's total investment in these projects was $13.5 million.

NEO has a 50% interest in the generators associated with 25 operating landfill gas projects, as of December 31, 1999, ranging in size from 1 MW to 12 MW. NEO owns 100% of the gas collection systems associated with those 25 generating projects. As of December 31, 1999, NEO's investment in these projects totaled $70.7 million and loans to fund development, construction and start-up amounted to $26.9 million. In addition, NEO has three generating projects under construction. NEO expects its total funding requirements to be approximately $120 million and total capacity of the portfolio is expected to reach 107 MW in 2000.

In 1999, NEO acquired 50% of the MESI syncoal project which processes waste coal into coal briquettes. The MESI syncoal project is located at the KenWest terminal in Catletsburg, Kentucky. The processed and solid waste coal produces Section 29 tax credits.

On September 24, 1997, certain affiliates of NEO entered into a Construction, Acquisition and Term Loan Agreement with Lyon Credit Corporation (Lyon) for $92 million to fund the construction of the landfill gas collection systems and generation facilities for certain NEO landfill gas projects in development. The construction loan for each project will convert to a term loan containing a maximum maturity date of ten years. The Company has agreed to provide Lyon with a guarantee during the construction loan period. In addition, the Company has agreed to guarantee the monetization and use of the Section 29 tax credits generated from the landfill gas projects financed by Lyon through the year 2007.

An important factor in the after tax return of the landfill gas projects is the eligibility of these projects for Section 29 tax credits. The Section 29 tax credit is available only to projects that produce "qualified fuels". Landfill gas is a qualified fuel for purposes of the Section 29 credit. To qualify for the credit, the facility for producing gas must have been placed in service no later than June 30, 1998. Congress has not renewed the Section 29 credit for new landfill gas projects.

RESOURCE RECOVERY FACILITIES

The Company's Newport resource recovery facility, located in Newport, Minnesota, can process over 1,500 tons of Municipal Solid Waste, (MSW) per day, 90% of which is used as fuel in power generation facilities in Red Wing and Mankato, Minnesota and other recyclables. The Newport facility, which was originally constructed and operated by NSP, was transferred to the Company in 1993. The Company owns 100% of and operates and maintains the Newport facility.

Pursuant to service agreements with Ramsey and Washington Counties, (Counties), which expire in 2007, the Company processes a minimum of 280,800 tons of MSW per year at the Newport facility and receives service fees based on the amount of waste processed, pass-through costs and certain other factors. The Company is also entitled to an operation and maintenance fee, which is designed to recover fixed costs and to provide the Company a guaranteed amount for operating and maintaining the Newport facility for the processing of 750 tons per day of MSW, whether or not the Counties deliver such waste for processing.

Since 1989, the Company has operated the Elk River resource recovery facility located in Elk River, Minnesota, which can process over 1,500 tons of MSW per day, 90% of which is used as fuel in power generation facilities in Elk River and Mankato, Minnesota and other recyclables. NSP owns 85% of the Elk River facility, and United Power Association owns the remaining 15%.

The Company also provides ash storage and disposal for the Elk River facility at NSP's Becker ash disposal facility, an approved ash deposit site adjacent to NSP's Sherburne County generating facility near Becker, Minnesota. The Company operates the Becker facility on behalf of NSP. Pursuant to an ash management services agreement between NSP and the counties, NSP receives an ash disposal fee based on the amount of ash disposal, pass-through costs and certain

other factors.

Refuse Derived Fuel (RDF) projects, such as the Company's Newport facility and NSP's Elk River facility, historically were assured adequate supply of waste through state and local flow control legislation, which directed that waste be disposed of in certain facilities. In May 1994, the United States Supreme Court held that such waste was a commodity in interstate commerce and, accordingly, that flow control legislation that prohibited shipment of waste out of state was unconstitutional. Since this ruling, the RDF facilities have faced increased competition from landfills in surrounding states in obtaining MSW.

CROCKETT COGENERATION

Pacific Crockett Energy, Inc., an indirect, wholly-owned subsidiary of the Company, is the general partner of the Crockett Cogeneration Project (Crockett). Crockett, a 240 MW gas fired plant began operations in May 1996. Pacific Generation Company, another wholly-owned subsidiary of the Company, owns a 56.67 percent limited partnership interest in Crockett through ENI Crockett LP (ENI Crockett). ENI Crockett is a limited partnership in which Pacific Generation Company is the general partner and Dynegy is a limited partner. The project sells 240 MW of capacity and energy to Pacific Gas & Electric Company under a modified Standard Offer No. 4 PPA extending to 2026. The PPA provides for a fixed capacity payment and a

variable energy payment based on the market price of gas. In addition, Crockett provides up to 450,000 lbs/hr of steam to the adjacent C&H Sugar refinery under a steam sales agreement that does not expire until 2026. Natural gas is supplied to the project by Amoco Canada Marketing Corp. under a fifteen year contract, with performance guaranteed by Amoco Canada Petroleum Company Ltd. ESOCO operates the project under a renewable 15 year contract that provides for reimbursement of all costs within an approved budget, plus a fee and provision for a performance bonus. Other limited partners include Energy Investors Fund LP and Energy Investors Fund II, LP and a subsidiary of Tomen Power Corp. Crockett was originally financed with a $260 million construction and term loan facility provided by a commercial bank syndicate led by ABN-AMRO. On December 15, 1999, Crockett was refinanced with a $255 million term loan facility provided by a commercial bank syndicate led by ABN-AMRO, maturing in December 31, 2014.

NRG NORTHEAST GENERATING LLC

The Company has acquired through its affiliates, in five separate transactions, certain generating assets from NIMO, ConEd, MEC, (a wholly owned subsidiary of Eastern Utilities Association (EUA)), and CL&P for a total cost of $1.5 billion. The Company has aggregated these assets into a regional generating company, NRG Northeast Generating LLC (NRG Northeast); (collectively, the NRG Northeast assets).

The Company's Northeast assets represent competitive, low cost units with favorable market dynamics and locations close to major load centers in the New York Power Pool and New England Power Pool.

Huntley and Dunkirk: In June 1999, the Company completed the acquisition of the Huntley and Dunkirk generating stations from NIMO for $355 million. The two coal-fired power generation facilities are located near Buffalo, New York and have a combined capacity rating of 1,360 MW.

Oswego: On October 22, 1999, the Company completed the acquisition of the 1,700 MW oil and gas fired Oswego generating station for approximately $85 million from NIMO and Rochester Gas and Electric Corporation.

Astoria Gas Turbines and Arthur Kill: In June 1999, the Company completed its acquisition of the Astoria gas turbine facility and the Arthur Kill Generating Station from ConEd for $505 million. These facilities, which are located in the New York City area and have a combined capacity rating of 1,456

MW.

Somerset: In April 1999, the Company completed its acquisition of the Somerset power station for approximately $55 million from MEC. The Somerset station includes two coal fired base-load generating facilities supplying a total of 181 MW and two aeroderivative combustion turbine peaking units supplying a total of 48 MW, includes 69 MW on deactivated reserve. It is located on the west bank of the Taunton River in Somerset, Massachusetts and is interconnected with the NEPOOL market.

Connecticut stations: In December 1999, the Company closed on the acquisition of four fossil fuel electric generating stations and six remote gas turbines totaling 2,235 MW from CL&P for $460 million, plus adjustments for working capital. The assets acquired from CL&P (CL&P Assets) are comprised of the Middletown, Montville, Devon and Norwalk Harbor gas- and oil-fired steam generating stations totaling 2,108 MW and 127 MW of remote gas turbines at Branford, Torrington and Cos Cob, Connecticut.

Middletown station, an 856 MW gas and oil powered plant, is located in Middletown, Connecticut. The 498 MW Montville Station in Uncasville, Connecticut is composed of one gas- or oil-fired unit, one oil-fired unit and two diesel generators. Norwalk Station, with 353 MW of capacity from two oil-fired units and one gas turbine, is located on Manresa Island at the mouth of Norwalk Harbor. Devon Station, consisting of 401 MW of generation capacity derived from two gas- or oil-fired units and five gas turbines, is located at Milford, Connecticut.

SIGNIFICANT PENDING ACQUISITIONS AND PROJECTS UNDER DEVELOPMENT

Because of the many complexities inherent in the acquisition, development and financing of projects, there can be no assurance that any of the Company's pending acquisitions and projects under development, including those described below, will be consummated.

ENFIELD

In December 1996, the Company reached an agreement with Indeck Energy Services (Europe) (Indeck) to sell a 50% interest in the Enfield Energy Center, a 396 MW gas-fired project in the North London borough of Enfield. In December 1998, the Company sold one-half of its 50% interest in the Enfield project to an affiliate of El Paso International. The power station was scheduled to commence commercial operations in November 1999, but due to operational problems, the power station completion date has been pushed back until mid-2000. Discussions are underway with EPC contractor to negotiate a settlement that will compensate the Company for the delay in completion of the power station.

ESTONIA

In December 1996, representatives of the Estonian Government, the state-owned Eesti Energia ("EE"), and the Company signed a development and cooperation agreement (DCA). The DCA defines the terms under which the parties are to establish a plan to develop and refurbish the Balti and Eesti Power Plants. Pursuant to the DCA, a business plan for the joint project was submitted in June 1997. In September 1997, the Estonian Government rejected the Company's business plan. However, early in 1998 the Estonian Government and EE agreed to work on a new business plan with the Company, which was submitted in May 1998. The Company has stated its willingness to invest up to $67.25 million of equity into the project and to assist the joint project in obtaining non-recourse debt to fund the required capital improvements to the Balti and Eesti Power Plants. A commission has been established to negotiate all terms and agreements between the Company, EE and the Estonian Government relating to the purchase of the Balti and Eesti Power Plants. The negotiation process is expected to be completed by the end of the third quarter of 2000.

The Company has a policy of expensing all costs until there is a signed contract and Board of Directors approval. All such costs with respect to Estonia have been expensed.

CAJUN

The Company, together with its partner and the creditors' committee filed a plan with the United States Bankruptcy Court for the Middle District of Louisiana to acquire 1,708 MW of fossil generating assets from Cajun Electric Power Cooperative of Baton Rouge, Louisiana (Cajun) for approximately $1.0 billion. The consortium has the support of the Chapter 11 trustee and Cajun's secured creditors. During the third quarter of 1999, the U.S. Bankruptcy Judge confirmed the creditors plan of reorganization and the Company exercised an option to purchase its partner's 50 percent interest in the project. The Company expects to close the acquisition of the Cajun assets during the first quarter of 2000.

KILLINGHOLME

In November 1999, the Company agreed to purchase the 665 MW Killingholme A station from National Power plc. Killingholme A was commissioned in 1994 and is a combined-cycle, gas-turbine power station located in North Lincolnshire, England. The purchase price for the station will be approximately 410 million pounds sterling (approximately $662 million U.S. at end of year exchange rates), subject to commercial adjustments. The purchase price includes 20 million pounds sterling (approximately $32 million U.S. at end of year exchange rates) that is contingent upon the successful completion of negotiations regarding the Company's purchase of National Power's Blyth generating facilities. The Blyth assets consist of two coal-fired stations totaling 1,140 MW of generation capacity located in England. The acquisition of Killingholme is expected to close at the end of the first quarter of 2000.

CONECTIV ASSETS

In January 2000, the Company agreed to purchase 1,875 MW of fossil-fueled electric generating capacity and other assets from Conectiv of Wilmington, Delaware for $800 million. The fossil-fueled generating facilities consist of Conectiv's wholly owned BL England, Deepwater, Indian River and Vienna steam stations plus Conectiv's interest in the Conemaugh and Keystone steam stations. Other assets in the purchase are the 241-acre Dorchester site located in Dorchester County, Maryland, certain Merrill Creek Reservoir entitlements in Harmony Township, New Jersey and certain excess emission allowances. The Company will sell 500 MW of energy to Delmarva (a subsidiary of Conectiv) under a five year power purchase agreement. The remaining energy and capacity will be sold in PJM and neighboring markets. The acquisition is expected to close at the end of the third quarter of 2000.

The BL England Steam Station is a 447 MW coal and oil-fired generating facility in Beesley's Point, New Jersey. The Deepwater steam station is a 239 MW gas, oil and coal facility near Pensville, New Jersey. The Indian River Steam Station is a 784 MW coal fired facility near Millboro, Delaware. The Vienna Steam Station is a 170 MW oil-fired generating station located in the town of Vienna, Maryland. Of the 1,711 MW coal-fired Conemaugh Steam Station, located near Pittsburgh, Pennsylvania, the Company will acquire a 7.55 percent ownership or 129 MW of generation. The Company will also acquire a 6.17 percent ownership or 106 MW in the 1,711 MW coal-fired Keystone Steam Station also located near Pittsburgh, Pennsylvania.

TURBINE PURCHASE AGREEMENT

In January 2000, the Company executed a memorandum of understanding with GE Power Systems, a division of General Electric Company, to purchase 11 gas turbine generators and five steam turbine generators. The purchase will take place over the next five years and are valued at approximately $500 million with

an option to purchase additional units. The 16 turbines have an equivalent generation output of 3,000 MW and will be installed at the Company's existing North American plant sites.

PROJECT AGREEMENTS

In the past, virtually all of the Company's operating power generation facilities have sold electricity under long-term power purchase agreements. A facility's revenue from a power purchase agreement usually consists of two components: energy payments and capacity payments.

Several of the recent projects in which the Company has acquired or is acquiring do not have long-term power purchase agreements. For example, this is true for Enfield, because the United Kingdom has adopted a regulatory scheme under which all generators must sell their output to a grid where the price is established by a neutral regulator based on the market prices during each defined period. Similarly, the San Joaquin Valley Energy Partners Facilities accepted a buy-out of their long-term contracts, so if they recommence operations, it is anticipated that they will be "merchant" plants (i.e., plants operating without long-term power purchase agreements in place, selling their output into the market). The generation facilities which the Company has recently acquired in California, Connecticut, New York and Massachusetts are merchant plants, although a portion of the output of certain of these plants in the first several years of the Company's ownership of them is contracted for, either under transition power purchase contracts with their former owners or under bilateral contracts with other wholesale customers. In the case of the Kladno project, where there is a long-term agreement, the energy price is tied to the market price of electricity rather than to the costs incurred by the project, so the contract does not provide the traditional level of certainty and protection. In the case of the Loy Yang A project, Australian power pool prices have been significantly lower than anticipated at the time of the Company's purchase of its interest in the Loy Yang A project, resulting in earnings much lower than initially forecast. While these merchant projects introduce new risks and uncertainties, and require careful advance analysis of the local power markets, the Company believes that merchant projects are becoming increasingly accepted in the independent power market. The Company tries to obtain short, intermediate and long-term contracts for the sale of energy and capacity whenever feasible.

REGULATION

The Company is subject to a broad range of federal, state and local energy and environmental laws and regulations applicable to the development, ownership and operation of its United States and international projects. These laws and regulations generally require that a number of permits and approvals be obtained before construction or operation of a power plant commences and that, after completion, the facility operate in compliance with local requirements. The Company strives to comply with the terms of all such laws, regulations, permits and licenses and believes that all of its operating plants are in material compliance with all such applicable requirements. No assurance can be given, however, that in the future all necessary permits and approvals will be obtained and all applicable statutes and regulations complied with. In addition, regulatory compliance for the construction of new facilities is a costly and time-consuming process, and intricate and rapidly changing environmental regulations may require major expenditures for permitting and create the risk of expensive delays or material impairment of project value if projects cannot function as planned due to changing regulatory requirements or local opposition. Furthermore, there can be no assurance that existing regulations will not be revised or that new regulations will not be adopted or become applicable to the Company which would have an adverse impact on its operations.

ENVIRONMENTAL REGULATIONS

Environmental controls at the federal, state, regional and local levels

have a substantial impact on the Company's operations due to the cost of installation and operation of equipment required for compliance.

Air

On October 12, 1999, the Company received a letter from the Office of the Attorney General of the State of New York speculating that based on a preliminary analysis, it believes that significant modifications were made to the Huntley and Dunkirk facilities during NIMO's ownership of these facilities without obtaining Prevention of Significant Deterioration (PSD) and/or New Source Review (NSR) permits. The letter requested documents related to historic maintenance, repair, and replacement work at the facilities, as well as other data related to operations and emissions from these facilities. On January 12, 2000, the Company received a formal request from the New York Department of Environmental Conservation (NYDEC) seeking essentially the same documents covered by the Attorney General's letter. The Company understands that the NYDEC request supercedes the Attorney General's request. Although, the Company does not have reason to believe that NIMO failed to comply with the preconstruction permit requirements at the Huntley and Dunkirk facilities, the Company has recently initiated steps to investigate the allegations. If it is determined that these facilities did not comply with the PSD or NSR permit programs, the Company could be required among other things, to install pollution control technology to further control the emissions of nitrogen oxide (NOX) and sulfur dioxide (SO2) from the Huntley and Dunkirk facilities. By virtue of conditions imposed under the asset sale agreement between the Company and NIMO (the Company's rights and obligations under the asset sale agreement were substantially assigned to Huntley Power LLC and Dunkirk Power LLC), NIMO remains responsible for "any fines, penalties and assessments imposed by a governmental entity with respect to violation or alleged violation of Environmental Law which occurred prior to the Closing Date." Even so, the Company could become subject to fines and/or penalties associated with the period of time it has operated the facilities.

On October 14, 1999, Governor Pataki of New York directed the Commissioner of the NYDEC to require further reductions of SO2 emissions and NOX emissions from New York power plants, beyond that which is required under current federal and state law. Under Governor Pataki's directive NOX emissions during the "non-ozone" season would be reduced to levels consistent with those currently mandated for the "ozone" season under the Ozone Transport Commission's Memorandum of Understanding. This additional reduction requirement would be phased in between January 1, 2003 and January 2, 2007. In addition, Governor Pataki announced that he is ordering a reduction of S02 emissions by 50% beyond the requirements of the Federal Acid Rain Program. These reductions would also be phased in between January 1, 2003 and January 1, 2007. Compliance with these emission reduction requirements, if they become effective, could have a material impact on the operation of the Company's facilities located in the State of New York.

On November 3, 1999, in the southern and mid-western regions of the United States, the United States Department of Justice (DOJ) filed suit against seven electric utilities for alleged violations of the Federal Clean Air Act (the Clean Air Act) NSR and PSD permit requirements at seventeen utility generating stations located in the southern and mid-western regions of the United States. In addition, the United States Environmental Protection Agency (U.S. EPA) issued administrative notices of violation alleging similar violations at eight other power plants owned by certain of the electric utilities named as defendants in the DOJ lawsuit, and also issued an administrative order to the Tennessee Valley Authority for similar violations at seven of its power plants. The DOJ lawsuit alleges that the defendants, over a period of twenty years, undertook modifications at their generating stations that resulted in increased air emissions without complying with regulatory requirements governing such modifications. Subsequent to the DOJ lawsuit, New York, Connecticut and New Jersey have brought their own lawsuits against American Electric Power, an Ohio based utility holding company, and have sought to intervene in the DOJ lawsuit. To date, no lawsuits or administrative actions have been brought against the

Company or the former owners of the facilities alleging violations of the NSR or PSD requirements. However, there is a likelihood that future lawsuits alleging similar violations may be filed against additional electric utility generating stations. The Company can provide no assurance that lawsuits or administrative actions alleging violations of PSD and NSR requirements will not be filed in the future.

The State of Connecticut has in the past considered legislation that would require older electrical generating stations to comply with more stringent pollution standards for NOX and SO2 emissions. During the 1999 legislative session, the Connecticut House of Representatives voted in favor of such legislation. The House bill was referred to the Energy Technology Committee where no action was taken. Similar legislation has been introduced as part of the 2000 legislative session.

Site Contamination/Remediation

With the acquisition of the NRG Northeast assets, the Company assumed certain liabilities for existing environmental conditions at the sites with the exception of off-site liabilities associated with the disposal of hazardous materials and certain other environmental liabilities. The Company has not assumed responsibility for any contamination resulting from the September 7, 1998 explosion and subsequent fire involving a transformer containing PCBs at the Arthur Kill Station. The transformer explosion, fire and subsequent oil spill resulted in the release of PCB's to the environment. ConEd maintains responsibility for the remediation of the PCB and other contamination associated with this event.

Environmental site assessments have been prepared for all of the recently acquired NRG Northeast assets. The remediation activities at the Arthur Kill, Astoria Gas Turbine and Somerset facilities are still in the study phase. As such, the remediation costs estimates are based on approaches that have not been approved yet by the regulatory agencies involved. Data from additional investigations performed at the Astoria Gas Turbines and the approach being taken at the Somerset Station may result in less costly remediation efforts than originally estimated.

For the Connecticut facilities, the Company is planning to conduct additional studies to better quantify remedial need. Such studies include the preparation of risk assessments to justify remedial actions proposed by the Company to the Connecticut Department of Environmental Protection and U.S. EPA.

Costs

The Company has recorded approximately $5.8 million for expected environmental costs related to site remediation issues at the Arthur Kill, Astoria facilities and Somerset facilities. These amounts are based on the environmental assessments for these sites.

The Company has budgeted approximately $44 million for capital expenditures between 2000 and 2004 for environmental compliance, which includes the above remedial investigations, the installation of NOX control technology at the Somerset facility, intake screens at the Dunkirk facility, the resolution of consent orders for remediation at the Arthur Kill and Astoria facilities and the resolution of a consent order for water intake at the Arthur Kill facility.

EMPLOYEES

At December 31, 1999, the Company had 1,323 employees, approximately 400 of whom are employed directly by the Company and approximately 923 of whom are employed by its wholly-owned subsidiaries.

FORWARD-LOOKING STATEMENTS

Forward looking statements above include but are not limited to the future

performance of various facilities and expected operating results for future periods.

In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements contained in this Form 10-K, factors that could cause the Company's actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- Economic conditions including inflation rates and monetary or currency exchange rate fluctuations;

- Trade, monetary, fiscal, taxation, and environmental policies of governments, agencies and similar organizations in geographic areas where the Company has a financial interest;

- Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;

- Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission and similar entities with regulatory oversight;

- Availability or cost of capital such as changes in: interest rates; market perceptions of the power generation industry, the Company or any of its subsidiaries; or security ratings;

- Factors affecting power generation operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;

- Employee workforce factors including loss or retirement of key executives, collective bargaining agreements with union employees, or work stoppages;

- Volatility of energy prices in a deregulated market environment;

- Increased competition in the power generation industry;

- Cost and other effects of legal and administrative proceedings, settlements, investigations and claims;

- Technological developments that result in competitive disadvantages and create the potential for impairment of existing assets;

- Factors associated with various investments including conditions of final legal closing, partnership actions, competition, operating risks, dependence on certain suppliers and customers, domestic and foreign environmental and energy regulations;

- Limitations on the Company's ability to control the development or operation of projects in which the Company has less than 100% interest;

- The lack of operating history at development projects, the lack of Company operating history at the projects not yet owned and the limited operating history at the remaining projects provide only a limited basis for management to project the results of future operations;

- Risks associated with timely completion of projects located at ECKG and Enfield, including obtaining competitive contracts, obtaining regulatory and permitting approvals, local opposition, construction delays and other factors beyond the Company's control;

- The failure to timely satisfy the closing conditions contained in the definitive agreements for the acquisitions of projects subject to definitive agreements but not yet closed, many of which are beyond the Company's control;

- Factors challenging the successful integration of projects not previously owned or operated by the Company, including the ability to obtain operating synergies;

- Factors associated with operating in foreign countries including: delays in permitting and licensing, construction delays and interruption of business, political instability, risk of war, expropriation, nationalization, renegotiation, or nullification of existing contracts, changes in law, and the ability to convert foreign currency into United States dollars;

- Other business or investment considerations that may be disclosed from time to time in the Company's Securities and Exchange Commission filings or in other publicly disseminated written documents, including the Company's Registration Statement No. 333-93055, as amended, and all supplements therein.

The Company undertakes no obligation or publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors pursuant to the Act should not be construed as exhaustive.

ITEM 2 -- PROPERTIES

Listed below are descriptions of the Company's interests in facilities, operations or projects under construction as of December 31, 1999.

INDEPENDENT POWER PRODUCTION AND COGENERATION FACILITIES (1)

NAME AND LOCATION OF FACILITY	LATER OF DATE OF ACQUISITION OR COMMERCIAL OPERATION	TOTAL CAPACITY (MW)(2)	NRG'S PERCENTAGE OWNERSHIP INTEREST	POWER PURCHASER
INTERNATIONAL PROJECTS:				
Loy Yang Power (3), Australia.....	1997	2,000	25.37	Victorian Pool
Gladstone Power Station, Australia....	1994	1,680	37.50	QTPTC; Boyne Smelter
Collinsville, Australia.....	1998	192	50.00	QTPTC
Energy Developments Limited, Australia.....	1997	274	29.14	Various
Kladno Czech Republic, existing project.....	1994	28	44.26	STE/Industrials
Kladno Czech Republic, expansion project.....	2000	345	44.50	STE/Industrials
Schkopau Power Station, Germany.....	1996	960	20.95	VEAG
MIBRAG mbH(3), (Mumsdorf) Germany.....	1994	110	33.33	WESAG/MIBRAG
MIBRAG mbH(3), (Deuben) Germany.....	1994	86	33.33	WESAG/MIBRAG
MIBRAG mbH(3), (Wahlitz) Germany.....	1994	37	33.33	WESAG/MIBRAG
Enfield (London), UK.....	2000	396	25.00	U.K. Electricity grid
COBEE, Bolivia.....	1996	219	49.10	Electropaz/ELF
Bulo Bulo, Bolivia.....	2000	80	30.00	Bolivian Grid
Latin Power (Mamonal), Colombia.....	1994	90	6.45	Proelectrica/Electribol
Latin Power (Termovalle), Colombia....	1998	199	4.88	EPSA/Proelectrica
Latin Power (Termotasajero), Columbia.....	1998	150	10.03	Columbian Grid
Latin Power (ELCOSA), Honduras.....	1994	80	7.65	ENEE Electrica
Latin Power (Dr. Bird), Jamaica.....	1995	74	8.86	Jamaica Public Service Company, Ltd.
Latin Power (Orzumil), Guatemala.....	1999	24	12.25	INDE
Latin Power (Aguaytia), Peru.....	1998	155	3.28	Central Peruvian Electricity Grid
Kingston Cogeneration, Canada.....	1997	110	25.00	OntarioHydro
Energy Investors Fund, 1 and 3 (Int'l).....	1997	1,039	0.25	Various

NAME AND LOCATION OF FACILITY	LATER OF DATE OF ACQUISITION OR COMMERCIAL OPERATION	TOTAL CAPACITY (MW)(2)	NRG'S PERCENTAGE OWNERSHIP INTEREST	POWER PURCHASER
DOMESTIC PROJECTS:				
El Segundo Power, California.....	1998	1,020	50.00	Cal PX
Long Beach Generating, California.....	1998	530	50.00	Cal PX
Encina, California.....	1999	965	50.00	Cal PX/bilateral contracts
San Diego Combustion Turbines, Cal....	1999	253	50.00	Cal PX/bilateral contracts
Crockett Cogeneration, California.....	1997	240	57.67	PG&E
Mt. Poso Cogeneration, California.....	1997	50	39.10	PG&E
Power Smith Cogeneration, Okla.....	1997	110	8.75	OGE Energy
Rocky Road Power, Illinois.....	1999	250	50.00	Electric Clearinghouse
Cadillac Renewable Energy, Michigan...	1997	39	50.00	Consumers Energy
Curtis-Palmer Hydro, New York.....	1997	58	8.50	NIMO/International Paper
Dunkirk, New York.....	1999	600	100.00	NIMO/NYISO
Huntley, New York.....	1999	760	100.00	NIMO/NYISO
Oswego, New York.....	1999	1,700	100.00	NIMO/NYISO
Arthur Kill, New York.....	1999	842	100.00	Con Ed/NYISO
Astoria Gas Turbines, New York.....	1999	614	100.00	Con Ed/NYISO
Somerset (4), Massachusetts.....	1999	229	100.00	EUA/NEPOOL/ISO-NE
Middletown, Connecticut.....	1999	856	100.00	NEPOOL/NYPP/ISO-NE
Montville, Connecticut.....	1999	498	100.00	NEPOOL/NYPP/ISO-NE
Norwalk, Connecticut.....	1999	353	100.00	NEPOOL/NYPP/ISO-NE
Devon, Connecticut.....	1999	401	100.00	NEPOOL/NYPP/ISO-NE
Connecticut Jet Power, Connecticut....	1999	127	100.00	NEPOOL/NYPP/ISO-NE
Penobscot Energy Recovery, Maine.....	1997	25	28.71	Bangor Hydro
Maine Energy Recovery, Maine.....	1997	22	16.25	Central Maine Power
NEO Corporation.....	1994	175	51.72	Various
Energy Investors Fund, 1 and 3 (US)...	1997	1,030	1.12	Various
COGENERATION CORPORATION OF AMERICA:				
CogenAmerica Pryor, Oklahoma.....	1997	110	20.00	OGE Energy/PSO
CogenAmerica Morris, Illinois.....	1998	117	20.00	Equistar/ComEd
Grays Ferry CogenAmerica, Penn.....	1998	150	10.00	PECO Energy
Philadelphia Water Dept, Penn.....	1996	22	16.60	Philadelphia Municipal Authority
Newark CogenAmerica, New Jersey.....	1996	54	20.00	Jersey Central Power & Light Company
Parlin Cogen America, New Jersey.....	1996	122	20.00	Jersey Central Power & Light Company
IDLED FACILITIES				
San Joaquin Valley (Madera), California.....	1992	23	45.00	NA(5)
San Joaquin Valley (Chowchilla), California.....	1992	10	45.00	NA(5)
San Joaquin Valley (El Nido), California.....	1992	10	45.00	NA(5)
Jackson Valley Energy Partners, California.....	1991	16	50.00	NA(6)
Turners Falls, Mass.....	1997	20	8.90	NA(6)

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(1) Includes assets under construction.

(2) Capacity rating methods vary.

(3) Loy Yang and MIBRAG also own coal mines and sell coal both to its respective power plant and to third parties.

(4) Includes 69 MW on deactivated reserve.

(5) Operations suspended following buy-out of power purchase contracts and pending negotiation of new power purchase agreements or sale of such facilities.

(6) Operations are suspended.

THERMAL ENERGY PRODUCTION AND TRANSMISSION FACILITIES AND RESOURCE RECOVERY FACILITIES

NAME AND LOCATION OF FACILITY	DATE OF ACQUISITION	CAPACITY(1)	NRG'S PERCENTAGE OWNERSHIP INTEREST	THERMAL ENERGY PURCHASER/MSW SUPPLIER
THERMAL ENERGY PRODUCTION AND TRANSMISSION FACILITIES				
San Francisco Thermal LLC, California.....	1995	Steam; 490 mmBtu/hr	100.00	Approximately 185 customers
(Purchased remaining 51%).....	1999	(144 MWt)		
San Diego Power & Cooling, California.....	1997	Chilled Water:	100.00	Approximately 19

		8,000 tons/hr.		customers
Camas Power Boiler, Washington.....	1997	200mmBtu/hr (59 MWt)	100.00	Fort James Corp.
Grand Forks Air Force Base, North Dakota.....	1992	105 mmBtu/hr. (31 MWt)	100.00	Grand Forks Air Force Base
Minneapolis Energy Center (MEC), Minnesota.....	1993	Stem: 1,408 mmBtu/hr. (413 MWt) Chilled water: 40,750 tons/hr.	100.00	Approximately 92 steam customers and 39 chilled water customers
Hennepin Co. Energy Center, Minn.....	NA	290 mmBtu/hr (85 MWt)	0.00	MEC Customers
Rock-Tenn, Minnesota.....	1992	Steam: 430 mmBtu/hr. (126 MWt)	100.00	Rock-Tenn Company
Washco, Minnesota.....	1992	160 mmBtu/hr (47 MWt)	100.00	Andersen Corporation Minnesota Correctional Facility
Pittsburgh Thermal LLC, Pennsylvania.....	1995	Steam; 240 mmBtu/hr	100.00	Approximately 29 steam customers and 27 chilled water customers
(Purchased remaining 51%).....	1999	(70 MWt) Chilled Water-10,180 tons		
Energy Center Kladno, Czech Republic(2).....	1994	512 mmBtu/hr (150 MWt)	44.26	City of Kladno
RESOURCE RECOVERY FACILITIES				
Newport, Minnesota.....	1993	MSW: 1,500 tons/day	100.00	Ramsey and Washington Counties
Elk River, Minnesota.....	NA(3)	MSW: 1,500 tons/day	0.00	Anoka, Hennepin, and Sherburne Counties; Tri-County Solid Waste Management Commission
Penobscot Energy Recovery, Maine.....	1997	MSW: 800 tons/day	28.71	Bangor Hydroelectric Company
Maine Energy Recovery, Maine....	1997	MSW: 680 tons/day	16.25	Central Maine Power

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(1) Thermal production and transmission capacity is based on 1,000 Btus per pound of steam production or transmission capacity. The unit mmBtu is equal to one million Btus.

(2) Kladno also is included in the Independent Power Production and Cogeneration Facilities table on the preceding page.

(3) The Company operates the Elk River resource recovery facility on behalf of NSP.

OTHER PROPERTIES

In addition to the above, the Company leases its offices at 1221 Nicollet Mall, Suite 700, Minneapolis, Minnesota 55403, under a five-year lease that expires in June 2002. Additional office space is leased in San Diego, California under a five and one-half year lease expiring in June 2004 and San Francisco, California under a five year lease expiring in April 2005. Thermal division leases and operates the Hennepin County Energy Center.

ITEM 3 -- LEGAL PROCEEDINGS

On or about July 12, 1999, Fortistar Capital Inc., a Delaware Corporation (Fortistar), filed a complaint in District Court (Fourth Judicial District, Hennepin County) in Minnesota against the Company, asserting claims for injunctive relief and for damages as a result of the Company's alleged breach of a confidentiality letter agreement with Fortistar relating to the Oswego facility (Letter Agreement). The Company disputes Fortistar's allegations and has asserted numerous counterclaims.

A temporary injunction hearing was held on September 27, 1999. The acquisition of the Oswego facility was closed on October 22, 1999, following notification to the Court of Oswego Power's intention to close on that date. On January 14, 2000, the court denied Fortistar's request for a temporary injunction. The Company intends to continue to vigorously defend the suit and believes Fortistar's complaint to be without merit. No trial date has been set.

There are no other material legal proceedings pending, other than ordinary

routine litigation incidental to the Company's business, to which the Company is a party. There are no material legal proceedings to which an officer or director is a party or has a material interest adverse to the Company or its subsidiaries.

There are no material administrative or judicial proceedings arising under environmental quality or civil rights statutes pending or known to be contemplated by governmental agencies to which the Company is or would be a party, other than those discussed in PART I Item I -- Business, Environmental Regulations.

PART II

ITEM 5 -- MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

This is not applicable as the Company is a wholly-owned subsidiary of Northern States Power Company.

ITEM 7 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations is omitted per conditions as set forth in General Instructions I (1) (a) and (b) of Form 10-K for wholly owned subsidiaries. It is replaced with management's narrative analysis of the results of operations set forth in General Instructions I (2) (a) of Form 10-K for wholly-owned subsidiaries (reduced disclosure format). This analysis will primarily compare the Company's revenue and expense items for the year ended December 31, 1999 with the year ended December 31, 1998.

RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

Net income for the year ended December 31, 1999, was $57.2 million, an increase of $15.5 million or 37.2%, compared to net income of $41.7 million in the same period in 1998. This increase was due to the factors described below.

REVENUES

For the year ended December 31, 1999, the Company had total revenues of $500.0 million, compared to $182.1 million for the year ended December 31, 1998, an increase of $317.9 million or 174.5%. The Company's operating revenues from wholly owned operations for the twelve months ended December 31, 1999 were $432.5 million, an increase of $332.1 million, or 330.7%, over the same period in 1998. Approximately $303.6 million of the increase in revenues was due to the acquisition of the NRG Northeast assets during 1999. Approximately $29.1 million of the increase is due to increased revenues due to the consolidation of Pittsburgh and San Francisco Thermal and the consolidation of Crockett Cogeneration during 1999. These increases in revenues were partially offset by a drop in the processing rates received by the Company's resource recovery operations. For the twelve months ended December 31, 1999, revenues from wholly owned operations consisted primarily of revenue from electrical generation (78.3%), heating, cooling and thermal activities (17.6%) and technical services (4.1%).

Equity in earnings of unconsolidated affiliates was $67.5 million for the year ended December 31, 1999, compared to $81.7 million for the year ended

December 31, 1998, a decrease of $14.2 million or 17.4%. The decrease was due to a $12.8 million reduction in earnings for the Company's interest in the West Coast power generation facilities resulting from unfavorable weather conditions during the summer of 1999 compared to the summer of 1998, which was more favorable than normal. In addition, the results of operations of the West Coast facilities were adversely impacted by project level debt that was issued during the year. Equity earnings were also reduced by lower earnings at Mt. Poso, by the consolidation of the Company's Thermal operations and Crockett Cogeneration subsidiaries during 1999 and by an unfavorable currency translation adjustment relating to the Kladno project. These reductions were partially offset by a favorable legal settlement at CogenAmerica and increased earnings from MIBRAG.

OPERATING COSTS AND EXPENSES

Cost of wholly owned operations was $269.9 million for the year ended December 31, 1999. This is an increase of $217.5 million or 414.9% over the same period in 1998. Approximately $194.9 million of this increase was due to the acquisition of the NRG Northeast assets during 1999. The remaining increase was due to the consolidation of the Company's Thermal operations and the addition of new projects during 1999 by the Company's NEO subsidiary. Cost of operations, as a percentage of revenues from wholly owned operations for the year, was 62.4% which is 10.2% higher than the same period in 1998.

Depreciation and amortization costs were $37.0 million for the year ended December 31, 1999, compared to $16.3 million for the year ended December 31, 1998. The increase in depreciation and amortization was due primarily to the addition of the NRG Northeast assets and the addition of new projects by the Company's

NEO subsidiary during 1999. In addition, depreciation and amortization also increased due to the consolidation of the Company's Thermal operations and Crockett Cogeneration in 1999.

General, administrative and development costs were $83.6 million for the year ended December 31, 1999, compared to $56.4 million for the year ended December 31, 1998. Approximately $8.0 million of the increase was due to the acquisition of the NRG Northeast assets during 1999. The remaining increase was due primarily to increased business development activities and increased legal, technical, and accounting expenses resulting from expanded operations. As a percent of total revenues, administrative and general expenses declined to 16.7% from 31.0% during the same period one-year earlier.

OTHER INCOME (EXPENSE)

Minority interest in projects was $2.5 million for the twelve-month period compared to $2.3 million for the same period in 1998. Minority interest relates to certain Pacific Generation projects that were acquired in November 1997 and certain Thermal operations which have a minority interest.

In December 1999, the Company sold a portion of its interest in CogenAmerica, an affiliate of the Company for a pretax gain of approximately $11.0 million ($4.1 million after-tax) to Calpine. The Company retained a 20% interest in CogenAmerica.

Other income was $6.4 million for the twelve months ended December 31, 1999 compared with $8.4 million for the twelve months ended December 31, 1998. The $2.0 million decline was due primarily to a reclassification of management fees to equity in earnings of unconsolidated affiliates and lower interest income from loans to affiliates.

Interest expense was $93.4 million for the twelve months ended December 31, 1999 compared with $50.3 million for the twelve months ended December 31, 1998. The increase in interest expense was due primarily to the acquisition of the NRG Northeast assets and the incremental interest expense resulting from the $682

million of project level debt issued by NRG Northeast Generating LLC and to the issuance of $300 million and $240 million of senior notes in June 1999 and November 1999, respectively. Additionally, a higher average outstanding balance of the Company's revolving line of credit and the consolidation of Crockett Cogeneration and the Company's Thermal operations contributed to higher interest expense.

INCOME TAX

The Company has recognized an income tax benefit due to the recognition of certain tax credits. The net income tax benefit for the year ended December 31, 1999, increased by $0.4 million to $26.1 million as compared to $25.7 million in the same period one year earlier. The increase in tax benefits for the twelve month period was due to increased interest expense on domestic debt, project write downs and an increase in Section 29 credits related to the Company's NEO subsidiary operations and foreign tax benefits associated with the Loy Yang project, which was substantially offset by higher overall earnings.

YEAR 2000

The Company incurred costs to modify or replace existing information technology systems (including computer software) and non-information technology systems, for uninterrupted operation in Y2K and beyond. A committee including senior management led the Company's initiatives to identify Y2K-related issues and to remediate business processes as necessary.

The Company also partnered with its parent, NSP, for a consistent overall company process in addressing the Y2K issue. The Company completed its Y2K readiness project on schedule and was Y2K ready (including completion of final testing) at year-end 1999.

The Company has spent approximately $11.8 million for Y2K efforts from 1998-1999. This includes $6.0 million in 1999. These costs have been expensed as incurred.

To date, the Company is not aware of any material Y2K-related problems experienced by our information technology or non-information technology systems. Also, the Company has not been informed by any of its

material customers, suppliers or its other key business partners that any such parties experienced any material Y2K-related problems. The Company cannot guarantee, however, that either the Company or its key business partners will not experience any Y2K-related problems in the future. If such problems do occur, the Company cannot provide any assurance that they will not have any material adverse effect on its results of operations, liquidity or business prospects.

ITEM 7A -- QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company uses derivative financial instruments to mitigate the impact of changes in foreign currency exchange rates on its international project cash flows, electricity and fuel prices on margins and interest rates on the cost of borrowing.

The fair value of the Company's interest rate hedging contracts is sensitive to changes in interest rates. As of December 31, 1999, a 10 percent increase in interest rates from then prevailing market rates would increase the market value of the Company's interest rate hedging contracts by approximately $27.8 million. Conversely, a 10 percent decrease in interest rates from the prevailing market rates would decrease the market value by approximately $25.8 million. See Note 12 to the Financial Statements under Item 8 for further

discussion of this matter.

During the third quarter of 1999, NRG Northeast, entered into $600 million of "treasury locks," at various interest rates, which expired in February 2000. These treasury locks were an interest rate hedge for an NRG Northeast bond offering which was completed on February 22, 2000.

During the first quarter of 2000, the Company entered into $375 million of "treasury locks" at various interest rates, which expire in July 2000. These treasury locks are an interest rate hedge for the NRG South Central Generating LLC offering scheduled for the first quarter of 2000.

The Company has an investment in the Kladno project in the Czech Republic. Statement of Financial Accounting Standard (SFAS) No. 52, Foreign Currency Translation, requires foreign currency gains and losses to flow through the income statement if settlement of an obligation is in a currency other than the local currency of the entity. A portion of the Kladno project debt is in a non-local currency (U.S. dollars and German deutsche marks). As of December 31, 1999, if the value of the Czech koruna decreases by 10 percent in relation to the U.S. dollar and the German deutsche mark, the Company would record a $5.0 million loss (after tax) on the currency transaction adjustment. If the value of the Czech koruna increased by 10 percent, the Company would record a $5.0 million gain (after tax) on the currency transaction adjustment. These currency fluctuations are inherent to the debt structure of the project and not indicative of the long-term earnings potential of the investment. Kladno is the only project the Company has at this time with this type of debt structure.

The Company's power marketing subsidiary is exposed to the risk of changes in market prices of fuel oil, natural gas and electricity. To manage exposure to volatility in the fuel oil, natural gas and electricity markets, the Company uses a variety of energy contracts, including options, swaps and forward contracts. As of December 31, 1999, a 10 percent increase in fuel oil, natural gas and electricity forward prices would result in a gain on these contracts of approximately $11.9 million. Conversely, a 10 percent decrease in fuel oil, natural gas and electricity forward prices would result in a loss on these contacts of approximately $11.9 million. These hypothetical gains and losses on energy forward contracts would be offset by the gains and losses on the underlying commodities being hedged.

ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholder
of NRG Energy, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related

consolidated statement of income, of stockholder's equity and of cash flows present fairly, in all material respects, the financial position of NRG Energy, Inc. (a wholly-owned subsidiary of Northern States Power Company) and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

March 17, 2000

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
	(THOUSANDS OF DOLLARS)		
OPERATING REVENUES			
Revenues from wholly-owned operations	$432,518	$100,424	$ 92,052
Equity in earnings of unconsolidated affiliates	67,500	81,706	26,200
Total operating revenues	500,018	182,130	118,252
OPERATING COSTS AND EXPENSES			
Cost of wholly-owned operations	269,900	52,413	46,717
Depreciation and amortization	37,026	16,320	10,310
General, administrative and development	83,572	56,385	43,116
Total operating costs and expenses	390,498	125,118	100,143
OPERATING INCOME	109,520	57,012	18,109
OTHER INCOME (EXPENSE)			
Minority interest in earnings of consolidated subsidiary	(2,456)	(2,251)	(131)
Gain on sale of interest in projects	10,994	29,950	8,702
Write-off of project investments	--	(26,740)	(8,964)
Other income, net	6,432	8,420	11,764
Interest expense	(93,376)	(50,313)	(30,989)
Total other expense	(78,406)	(40,934)	(19,618)
INCOME (LOSS) BEFORE INCOME TAXES	31,114	16,078	(1,509)
INCOME TAX BENEFIT	(26,081)	(25,654)	(23,491)
NET INCOME	$ 57,195	$ 41,732	$ 21,982

See notes to consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
	(THOUSANDS OF DOLLARS)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 57,195	$ 41,732	$ 21,982
Adjustments to reconcile net income to net cash provided by operating activities			
Undistributed equity in earnings of unconsolidated affiliates	(27,181)	(23,391)	6,481
Depreciation and amortization	37,026	16,320	10,310
Deferred income taxes and investment tax credits	(3,401)	7,618	3,107
Minority interest	857	(5,019)	--
Investment write-downs	--	26,740	8,964
Gain on sale of investments	(10,994)	(29,950)	(8,702)
Cash provided (used) by changes in certain working capital items, net of effects from acquisitions and dispositions			
Accounts receivable	(99,608)	297	(2,859)
Accounts receivable-affiliates	9,964	21,657	(19,963)
Accrued income taxes	25,834	(24,861)	1,762
Inventory	(17,287)	(28)	(307)
Other current assets	(13,433)	469	305
Accrued property and sales taxes	1,740	(553)	1,645
Accounts payable	40,616	(8,082)	7,791
Accrued salaries, benefits, and related costs	1,955	4,735	3,826
Accrued interest	5,192	1,050	1,215
Other current liabilities	(3,533)	(2,219)	6,084
Cash used by changes in other assets and liabilities	(16,322)	(4,517)	(7,155)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(11,380)	21,998	34,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in projects	(163,340)	(132,379)	(318,149)
Acquisition, net of liabilities assumed	(1,519,365)	--	(148,830)
Consolidation of equity subsidiaries	20,181	--	--
Cash from sale of project investment	43,500	18,053	19,158
Decrease (increase) in notes receivable	58,331	16,858	(37,431)
Capital expenditures	(94,853)	(31,719)	(26,936)
(Increase) decrease in restricted cash	(13,067)	(2,433)	16,100
Other, net	--	--	10,114
NET CASH USED BY INVESTING ACTIVITIES	(1,668,613)	(131,620)	(485,974)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net borrowings under line of credit agreement	216,000	2,000	122,000
Capital contributions from parent	250,000	100,000	80,900
Proceeds from issuance of long-term debt	575,633	23,169	254,061
Proceeds from issuance of note	682,096	--	--
Principal payments on long-term debt	(18,634)	(21,152)	(5,925)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,705,095	104,017	451,036
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,102	(5,605)	(452)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,381	11,986	12,438
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 31,483	$ 6,381	$ 11,986
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Interest paid (net of amount capitalized)	$ 82,891	$ 49,089	$ 30,890
Income taxes paid (benefits received), net	(54,384)	(6,797)	(24,577)

See notes to consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	DECEMBER 31,	
	1999	1998
	(THOUSANDS OF DOLLARS)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 31,483	$ 6,381
Restricted cash	17,441	4,021
Accounts receivable-trade, less allowance for doubtful accounts of $186 and $100	126,376	15,223
Accounts receivable-affiliates	--	7,324
Taxes Receivable	--	21,169
Current portion of notes receivable -- affiliates	287	4,460
Current portion of notes receivable	--	26,200
Inventory	119,181	2,647
Prepayments and other current assets	29,202	4,533
Total current assets	323,970	91,958
PROPERTY, PLANT AND EQUIPMENT, AT ORIGINAL COST		
In service	2,022,724	291,558
Under construction	53,448	5,352
Total property, plant and equipment	2,076,172	296,910
Less accumulated depreciation	(156,849)	(92,181)
Net property, plant and equipment	1,919,323	204,729
OTHER ASSETS		
Investments in projects	988,671	800,924
Capitalized project costs	2,592	13,685
Notes receivable, less current portion -- affiliates	65,494	101,887
Notes receivable, less current portion	5,787	3,744
Intangible assets, net of accumulated amortization of $4,308 and $2,984	55,586	22,507
Debt issuance costs, net of accumulated amortization of $6,640 and $1,675	20,081	7,276
Other assets, net of accumulated amortization of $8,909 and $7,350	50,180	46,716
Total other assets	1,188,391	996,739
TOTAL ASSETS	$3,431,684	$1,293,426
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Current portion of project level long-term debt	$ 30,462	$ 8,258
Revolving line of credit	340,000	--
Consolidated project level, non-recourse debt	35,766	--
Accounts payable-trade	61,211	7,371
Accounts payable-affiliate	6,404	--
Accrued income taxes	4,730	--
Accrued property and sales taxes	4,998	3,251
Accrued salaries, benefits and related costs	9,648	7,551
Accrued interest	13,479	7,648
Other current liabilities	17,657	8,289
Total current liabilities	524,355	42,368
OTHER LIABILITIES:		
Minority interest	14,373	13,516
Consolidated project-level, long-term, non-recourse debt	1,026,398	113,437
Corporate level long-term debt, less current portion	915,000	504,781
Deferred Income Taxes	16,940	19,841
Deferred Investment Tax Credits	1,088	1,343
Postretirement and other benefit obligations	24,613	11,060
Other long-term obligations and deferred income	15,263	7,748
Total liabilities	2,538,030	714,094
STOCKHOLDER'S EQUITY		
Common stock; $1 par value; 1,000 shares authorized; 1,000 shares issued and outstanding	1	1

Additional paid-in capital	781,913	531,913
Retained earnings	187,210	130,015
Accumulated other comprehensive income	(75,470)	(82,597)
Total Stockholder's Equity	893,654	579,332
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$3,431,684	$1,293,426

See notes to consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL STOCKHOLDER'S EQUITY
			(THOUSANDS OF DOLLARS)		
BALANCES AT DECEMBER 31, 1996	$1	$351,013	$ 66,301	$ 4,599	$421,914
Net Income			21,982		21,982
Currency translation adjustments				(74,098)	(74,098)
Comprehensive income for 1997					(52,116)
Capital contributions from parent		80,900			80,900
BALANCES AT DECEMBER 31, 1997	$1	$431,913	$ 88,283	$(69,499)	$450,698
Net Income			41,732		41,732
Currency translation adjustments				(13,098)	(13,098)
Comprehensive income for 1998					28,634
Capital contributions from parent		100,000			100,000
BALANCES AT DECEMBER 31, 1998	$1	$531,913	$130,015	$(82,597)	$579,332
Net Income			57,195		57,195
Currency translation adjustments				7,127	7,127
Comprehensive income for 1999					64,322
Capital contributions from parent		250,000			250,000
BALANCES AT DECEMBER 31, 1999	$1	$781,913	$187,210	$(75,470)	$893,654

Other comprehensive income is shown net of tax expenses (benefits) which were $0 during both 1999 and 1998 and $5.9 million in 1997.

See notes to consolidated financial statements.

NOTE 1 -- ORGANIZATION

NRG Energy, Inc. (the Company), a Delaware Corporation, was incorporated on May 29, 1992, as a wholly owned subsidiary of Northern States Power Company (NSP). Beginning in 1989, the Company was doing business through its predecessor companies, NRG Energy, Inc. and NRG Group, Inc., Minnesota corporations, which were merged into the Company subsequent to its incorporation. The Company and its subsidiaries and affiliates develop, build, acquire, own and operate non-regulated energy-related businesses.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and its subsidiaries (referred to collectively herein as the Company). All significant intercompany transactions and balances have been eliminated in consolidation. Accounting policies for all of the Company's operations are in accordance with accounting principles generally accepted in the United States. As discussed in Note 5, the Company has investments in partnerships, joint ventures and projects for which the equity method of accounting is applied. Earnings from equity in international investments are recorded net of foreign income taxes.

CASH EQUIVALENTS

Cash equivalents include highly liquid investments (primarily commercial paper) with a remaining maturity of three months or less at the time of purchase.

RESTRICTED CASH

Restricted cash consists primarily of cash collateral for letters of credit issued in relation to project development activities and funds held in trust accounts to satisfy the requirements of certain debt agreements.

INVENTORY

Inventory is valued at the lower of average cost or market and consists principally of fuel oil, coal, spare parts and raw materials used to generate steam.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are capitalized at original cost. Significant additions or improvements extending asset lives are capitalized, while repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Facilities and improvements	10-45 years
Machinery and equipment	7-30 years
Office furnishings and equipment	3-5 years

CAPITALIZED INTEREST

Interest incurred on funds borrowed to finance projects expected to require more than three months to complete is capitalized. Capitalization of interest is discontinued when the project is completed and considered operational. Capitalized interest is amortized using the straight line method over the useful life of the related project. Capitalized interest was $287,000 and $172,000 in 1999 and 1998, respectively.

DEVELOPMENT COSTS AND CAPITALIZED PROJECT COSTS

These costs include professional services, dedicated employee salaries, permits, and other costs which are incurred incidental to a particular project. Such costs are expensed as incurred until a sales agreement or letter of intent is signed, and the project has been approved by the Company's Board of Directors. Additional costs incurred after this point are capitalized. When project operations begin, previously capitalized project costs are

reclassified to investment in projects and amortized on a straight-line basis over the lesser of the life of the project's related assets or revenue contract period.

DEBT ISSUANCE COSTS

Costs to issue long-term debt have been capitalized and are being amortized over the terms of the related debt.

INTANGIBLES

Intangibles consist principally of the excess of the cost of investment in subsidiaries over the underlying fair value of the net assets acquired and are being amortized using the straight-line method over 20 to 30 years. The Company periodically evaluates the recovery of goodwill and other intangibles based on an analysis of estimated undiscounted future cash flows.

OTHER LONG TERM ASSETS

Other long-term assets consist primarily of service agreements and operating contracts. These assets are being amortized over the remaining terms of the individual contracts, which range from seven to twenty-eight years.

INCOME TAXES

The Company is included in the consolidated tax returns of NSP. The Company calculates its income tax provision on a separate return basis under a tax sharing agreement with NSP as discussed in Note 9. Current federal and state income taxes are payable to or receivable from NSP. The Company records income taxes using the liability method. Income taxes are deferred on all temporary differences between pretax financial and taxable income and between the book and tax bases of assets and liabilities. Deferred taxes are recorded using the tax rates scheduled by law to be in effect when the temporary differences reverse. The Company's policy for income taxes related to international operations is discussed in Note 9.

REVENUE RECOGNITION

Under fixed-price contracts, revenues are recognized as products or services are delivered. Revenues and related costs under cost reimbursable contract provisions are recorded as costs are incurred. Anticipated future losses on contracts are charged against income when identified.

FOREIGN CURRENCY TRANSLATION

The local currencies are generally the functional currency of the Company's foreign operations. Foreign currency denominated assets and liabilities are translated at end-of-period rates of exchange. The resulting currency adjustments are accumulated and reported as a separate component of stockholder's equity. Income, expense, and cash flows are translated at weighted-average rates of exchange for the period.

DERIVATIVE FINANCIAL INSTRUMENTS

To preserve the U.S. dollar value of projected foreign currency cash flows, the Company hedges, or protects, those cash flows if appropriate foreign hedging instruments are available. The gains and losses on those agreements offset the effect of exchange rate fluctuations on the Company's known and anticipated cash flows. The Company defers gains on agreements that hedge firm commitments of cash flows, and accounts for them as part of the relevant foreign currency transaction when the transaction occurs. The Company defers expected losses on these agreements, unless it appears that the deferral would result in recognizing a loss later.

While the Company is not currently hedging investments involving foreign currency, the Company will hedge such investments when it believes that preserving the U.S. dollar value of the investment is appropriate.

The Company is not hedging currency translation adjustments related to future operating results. The Company does not speculate in foreign currencies.

From time to time the Company also uses interest rate hedging instruments to protect it from an increase in the cost of borrowing. Gains and losses on interest rate hedging instruments are reported as part of the asset for Investments In Projects when the hedging instrument relates to a project that has financial statements that are not consolidated into the Company's financial statements. Otherwise, they are reported as part of debt.

USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In recording transactions and balances resulting from business operations, the Company uses estimates based on the best information available. Estimates are used for such items as plant depreciable lives, tax provisions, uncollectible accounts and actuarially determined benefit costs, among others. As better information becomes available (or actual amounts are determinable), the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities,". This statement requires that all derivatives be recognized at fair value in the balance sheet and that changes in fair value be recognized either currently in earnings or deferred as a component of Other Comprehensive Income, depending on the intended use of the derivative, its resulting designation and its effectiveness. The Company plans to adopt this standard in the first quarter of 2001, as required. The Company has not determined the potential impact of implementing this statement.

RECLASSIFICATIONS

Certain prior-year amounts have been reclassified for comparative purposes. These reclassifications had no effect on net income or stockholder's equity as previously reported.

NOTE 3 -- ASSET ACQUISITIONS AND DIVESTITURES

In February 1999, the Company purchased from Thermal Ventures, Inc. (TVI) the remaining 50.1% limited partnership interests held by TVI in San Francisco Thermal Limited Partnership and Pittsburgh Thermal Limited Partnership for $12.3 million. In April 1999, NRG acquired TVI's 50% member interest in North American Thermal Systems LLC (the entity holding the general partnership interest in the San Francisco and Pittsburgh partnerships) for $500,000.

In 1994, the Company, through a wholly-owned subsidiary, purchased a 50% ownership interest in Sunnyside Cogeneration Associates, a Utah joint venture, which owns and operates a 58 MW waste coal plant in Utah. The waste coal plant is currently being operated by a partnership that is 50% owned by a Company affiliate. In March 1999, the Company and its partner executed an agreement to sell the Sunnyside project to an affiliate of Baltimore Gas & Electric for a purchase price of $2.0 million. There was no gain or loss on the sale which closed during the second quarter of 1999.

In April 1999, the Company completed the acquisition of the Somerset power

station for approximately $55 million from the Eastern Utilities Association (EUA). The Somerset station, located in Somerset, Massachusetts, includes two coal-fired generating facilities and two aeroderivative combustion turbine peaking units with a capacity rating of 229 MW, of which 69 MW is on deactivated reserve. In connection with this acquisition, the Company entered into a Wholesale Standard Offer Service Agreement pursuant to which the

Company is obligated to provide approximately 30% of the energy and capacity requirements of certain EUA affiliates (which is estimated to be approximately 275 MW at peak requirement) until December 31, 2009.

In May 1999, the Company and Dynegy Power Corporation (Dynegy), through West Coast Power LLC, completed the acquisition of the Encina generating station and 17 combustion turbines for approximately $356 million from San Diego Gas & Electric Company. The facilities, which have a combined capacity rating of 1,218 MW, are located near Carlsbad and San Diego, California. The Company and Dynegy each own a 50% interest in these facilities.

In June 1999, the Company completed its acquisition of the Huntley and Dunkirk generating stations from Niagara Mohawk Power Corporation (NIMO) for approximately $355 million. The two coal-fired power generation facilities are located near Buffalo, New York, and have a combined summer capacity rating of 1,360 MW. In connection with this acquisition, the Company entered into several Transition Power Purchase Agreements and a related swap agreement with NIMO pursuant to which NIMO purchases certain energy and capacity from these facilities for a term of four years.

In June 1999, the Company completed its acquisition of the Arthur Kill generating station and the Astoria gas turbine site from Consolidated Edison Company of New York, Inc. (ConEd) for approximately $505 million. These facilities, which are located in the New York City Area, have a combined capacity rating of 1,456 MW. In connection with the acquisition of each facility, the Company entered into (i) Transition Energy Sales Agreements pursuant to which energy from each facility is sold to ConEd for a transition period ending on the date on which the independent system operator in New York State (NYISO) commences operation (which commencement date was November 18, 1999) of a spot market for energy and certain ancillary services, and (ii) Transition Capacity Sales Agreements pursuant to which capacity from each facility is sold to ConEd for a transition period ending on the later of (a) the earlier of (i) December 31, 2002 or (ii) the date such facility receives notice from the NYISO that none of the electric generating capacity of such facility is required for meeting the installed capacity requirements in New York City, or (b) the date the NYISO commences an auction for system capacity. Pursuant to the Transition Energy Sales Agreements, the Company agreed to sell to ConEd at a fixed price varying amounts of energy from the Arthur Kill generating facility and the Astoria gas turbine generating facility, in each case in amounts to be specified by ConEd, up to the full capability of each facility. Pursuant to the Transition Capacity Sales Agreements, the Company agreed to sell to ConEd at a fixed price, during certain periods, up to 100% of the capacity of the Arthur Kill generating facility and up to 100% of the capacity of the Astoria gas turbines facility.

In August, the Company agreed to sell all but a 20 percent ownership interest in Cogeneration Corporation of America (CogenAmerica) to Calpine Corporation in connection with Calpine's acquisition of the remaining shares of CogenAmerica. Prior to December 1999, the Company owned approximately 45% of CogenAmerica. Upon closing of the transaction, all outstanding shares of CogenAmerica common stock (other than those retained by the Company) were acquired by Calpine for a cash purchase price of $25.00 per share. The transaction closed during the fourth quarter of 1999 and the Company retained a 20% ownership interest in CogenAmerica.

In October 1999, the Company completed its acquisition of the Oswego generating station from NIMO and Rochester Gas and Electric for approximately

$85 million. The oil and gas-fired power generating facility which has a capacity rating of 1,700 MW, is located on a 93-acre site in Oswego, New York. This facility consists of two units each having a capacity rating of 850 MW. In connection with this acquisition, the Company entered into a Transition Power Purchase Agreement with NIMO similar to those entered into in connection with the acquisitions of the Dunkirk and Huntley facilities. Pursuant to this agreement, the Company has agreed to sell 100% of the capacity of one unit, an option for up to 40% of the capacity of the other unit. The Company has agreed to sell NIMO an option to purchase a nominal amount of energy for a term of four years.

In December 1999, the Company acquired four fossil fuel generating stations and six remote gas turbines from CL&P for approximately $460 million, plus adjustments for working capital. These facilities are located throughout Connecticut and have a combined nominal capacity rating of 2,235 MW. The Company entered into a Standard Offer Service Wholesale Sales Agreement with CL&P pursuant to which the Company will

supply CL&P with 35% of its standard offer service load during 2000, 40% during 2001 and 2002, and 45% during 2003. The Company estimates that 45% of CL&P's standard offer service load in 2003 will be approximately 2,070 MW at peak requirement. The Agreement terminates on December 31, 2003.

In December 1999, the Company purchased a 50% interest in the Rocky Road Power Plant, a 250 MW natural gas fired simple-cycle peaking facility in East Dundee, IL from Dynegy Inc., for approximately $60 million. The power plant began commercial operations on June 30, 1999 and received approval for the installation of an additional 100 MW natural gas combustion turbine in October 1999, increasing the facilities generating capacity to a nominal 350 MW. The expansion is expected to be in service before the start of the peak summer 2000 season.

Pro forma information has not been presented for the assets acquired in 1999 due to the fact that the assets acquired do not constitute businesses under Rule 11-01(d) of Regulation S-X. Accordingly, historical financial information does not exist for the assets acquired.

NOTE 4 -- PROPERTY, PLANT AND EQUIPMENT

The major classes of property, plant and equipment at December 31 were as follows:

	1999	1998
	(THOUSANDS OF DOLLARS)	
Facilities and equipment, including construction work in progress of $53,448 and $5,352	$2,000,541	$280,876
Land and improvements	64,330	10,397
Office furnishings and equipment	11,301	5,637
Total property, plant and equipment	2,076,172	296,910
Accumulated depreciation	(156,849)	(92,181)
Net property, plant and equipment	$1,919,323	$204,729

NOTE 5 -- INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

The Company has investments in various international and domestic energy projects. The equity method of accounting is applied to such investments in

affiliates, which include joint ventures and partnerships, because the ownership structure prevents the Company from exercising a controlling influence over operating and financial policies of the projects. Under this method, equity in pretax income or losses of domestic partnerships and, generally, in the net income or losses of international projects are reflected as equity in earnings of unconsolidated affiliates.

A summary of the Company's significant equity-method investments which were in operation at December 31, 1999 is as follows:

NAME	GEOGRAPHIC AREA	ECONOMIC INTEREST	PURCHASED OR PLACED IN SERVICE
Loy Yang A	Australia	25.37%	May 1997
Energy Developments Limited	Australia	29.14%	February 1997
ECK Generating	Czech Republic	44.50%	December 1994
MIBRAG mbH	Germany	33.33%	January 1994
Gladstone Power Station	Australia	37.50%	March 1994
Schkopau Power Station	Germany	20.95%	January and July 1996
Scudder Latin American Projects	Latin America	6.63%	June 1993
Long Beach Generating	USA	50.00%	April 1998
El Segundo Power	USA	50.00%	April 1998
Bolivian Power Company (Cobee)	Bolivia	49.10%	December 1996
Cogeneration Corp. of America	USA	20.00%	April 1996
Encina	USA	50.00%	May 1999
San Diego Combustion Turbines	USA	50.00%	May 1999

Summarized financial information for investments in unconsolidated affiliates accounted for under the equity method as of and for the year ended December 31, is as follows:

	1999	1998	1997
	(THOUSANDS OF DOLLARS)		
Operating revenues	$1,732,521	$1,491,197	$1,612,897
Costs and expenses	1,531,958	1,346,569	1,522,727
Net income	$ 200,563	$ 144,628	$ 90,170
Current assets	$ 742,674	$ 710,159	$ 713,390
Noncurrent assets	7,322,219	7,938,841	7,733,886
Total assets	$8,064,893	$8,649,000	$8,447,276
Current liabilities	$ 708,114	$ 527,196	$ 472,980
Noncurrent liabilities	5,168,893	5,854,284	6,042,102
Equity	2,187,886	2,267,520	1,932,194
Total liabilities and equity	$8,064,893	$8,649,000	$8,447,276
NRG's share of equity	$ 988,671	$ 800,924	$ 694,655
NRG's share of income	$ 67,500	$ 81,706	$ 26,200

In accordance with FASB No. 121 "Accounting for Impairment of Long-lived Assets to be Disposed of," the Company reviews long lived assets, investments and certain intangibles for impairment whenever events or circumstances indicate the carrying amounts of an asset may not be recoverable. During 1998, the Company wrote down accumulated project development expenditures of $26.7 million. The Company's West Java, Indonesia, project totaling $22.0 million was written off due to the uncertainties surrounding infrastructure projects in Indonesia. Also during 1998, the Company wrote off its $1.9 million investment in the Sunnyside project and its $2.8 million investment in Alto Cachopoal. The charge represents the difference between the carrying amount of the investment and the fair value of the asset, determined using a cash flow model. In December 1997, the Company reviewed the carrying amount of the Sunnyside project that

failed to restructure its debt and recorded a charge of $8.9 million. The charge represents the difference between the carrying amount of the investment and the fair value of the asset, determined using a discounted cash flow model.

NOTE 6 -- RELATED PARTY TRANSACTIONS

SALE TO AFFILIATE

During October 1998, the Company sold its interest in the Mid-Continent Power Corporation (MCPC) facility to CogenAmerica for a $2.1 million gain after elimination of affiliate interest. The MCPC facility is a 110 MW, gas-fired generation station located near Pryor, Oklahoma. The Company owns 20 percent of the outstanding stock of CogenAmerica.

OPERATING AGREEMENTS

The Company has two agreements with NSP for the purchase of thermal energy. Under the terms of the agreements, NSP charges the Company for certain costs (fuel, labor, plant maintenance, and auxiliary power) incurred by NSP to produce the thermal energy. The Company paid NSP $4.4 million in 1999 and $5.1 million in 1998 under these agreements.

The Company has a renewable 10-year agreement with NSP, expiring on December 31, 2001, whereby NSP agrees to purchase refuse-derived fuel for use in certain of its boilers and the Company agrees to pay NSP a burn incentive. Under this agreement, the Company received $1.4 million and $1.4 million from NSP, and paid $2.7 million and $3.1 million to NSP in 1999 and 1998, respectively.

ADMINISTRATIVE SERVICES AND OTHER COSTS

The Company and NSP have entered into an agreement to provide for the reimbursement of actual administrative services provided to each other, an allocation of NSP administrative costs and a working capital fee. Services provided by NSP to the Company are principally cash management, legal, accounting, employee relations, benefits administration and engineering support. In addition, the Company employees participate in certain employee benefit plans of NSP as discussed in Note 10. During 1999 and 1998, the Company paid NSP $6.4 million and $5.2 million, respectively, as reimbursement under this agreement.

In 1996, the Company and NSP entered into an agreement for the Company to provide operations and maintenance services for NSP's Elk River resource recovery facility and Becker ash landfill. During 1999 and 1998, NSP paid the Company $1.9 million and $1.7 million, respectively, as compensation under this agreement.

NOTE 7 -- NOTES RECEIVABLE

Notes receivable consists primarily of fixed and variable rate notes secured by equity interests in partnerships and joint ventures. The notes receivable at December 31, are as follows:

	1999	1998
	(THOUSANDS OF DOLLARS)	
COGENERATION CORPORATION OF AMERICA:		
Note due 2001, 9.5%	$ --	$ 2,539
Grays Ferry note due 2005, LIBOR plus 4.0% (9.31%@12/98)	--	1,900

Morris note due 2004, prime + 3.5% (11.25%@12/98).....	--	12,027
MCPC note due 2004, prime +3.5% (11.25%@12/98).....	--	23,947
El Paso note, due January 1999, non interest bearing.....	--	26,200
Thermal Ventures, Inc. note due 1999, 11%.....	--	1,500
TOSLI, various notes due 2000, LIBOR plus 4.0% (10.0%@12/99).....	207	132
Various secured notes due 2000 and later, non-interest and interest bearing.....	224	723
NEO notes to various affiliates due primarily 2012, prime +2% to 12.5%.....	26,850	27,445
Southern MN Praireland Solid Waste, note due 2003, 7%.....	44	1,441
Pacific Generation, various notes, prime +2% to 12%.....	3,368	4,203
NRGenerating International BV notes to various affiliates, non-interest bearing.....	40,410	34,234
O'Brien Cogen II note, due 2008, non interest bearing.....	465	--
Total.....	$71,568	$136,291

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NOTE 8 -- LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	1999	1998
	(THOUSANDS OF DOLLARS)	
NEO Landfill Gas, Inc. term loan, due October 30, 2007, 9.35%.....	$ --	$ 9,847
NEO Landfill Gas Inc. construction loan due October 30, 2007 LIBOR + 1% (6.31 @ 12/98).....	--	6,550
NEO Landfill Gas, Inc. City of L.A. term loan, due December 2019 non-interest bearing.....	--	1,395
COBEE, due April 21, 2000, 0%.....	5,761	--
O'Brien Cogen II due August 31, 2000, 9.5%.....	2,893	--
NRG San Diego, Inc. promissory note, due June 25, 2003, 8.0%.....	1,729	2,141
Pittsburgh Thermal LP -- Credit Line, due 2004, LIBOR + 4.25%.....	1,100	--
San Francisco Thermal LP -- Credit Line, due 2004, LIBOR + 4.25%.....	900	--
Pittsburgh Thermal LP, due 2002-2004, 10.61%-10.73%.....	6,800	--
San Francisco Thermal LP, October 5, 2004, 10.61%.....	5,905	--
NRG Energy senior notes, due February 1, 2006, 7.625%.....	125,000	125,000
Note payable to NSP, due December 1, 1995-2006, 5.40%-6.75%.....	6,495	7,174
NRG Energy senior notes, due June 15, 2007, 7.50%.....	250,000	250,000
Camas Power Boiler LP, unsecured term loan, due June 30, 2007, 7.65%.....	17,087	17,576
Camas Power Boiler LP, revenue bonds, due August 1, 2007, 4.65%.....	9,130	11,010
Various NEO debt due 2005-2008, 9.35%.....	28,615	--
NRG Energy senior notes, due June 1, 2009, 7.50%.....	300,000	--
NRG Energy Center, Inc. senior secured notes due June 15, 2013, 7.31%.....	68,881	71,783
NRG Energy senior notes, due Nov. 1, 2013, 8.00%.....	240,000	--
Crockett Corp. LLP, due Dec. 31, 2014, 8.13%.....	255,000	--
NRG Northeast Generating debt.....	646,564	--
	1,971,860	502,476
Less current maturities.....	(30,462)	(8,258)
Total.....	$1,941,398	$494,218

The NRG Energy Center, Inc. notes are secured principally by long-term assets of the Minneapolis Energy Center (MEC). In accordance with the terms of the note agreement, MEC is required to maintain compliance with certain

financial covenants primarily related to incurring debt, disposing of MEC assets, and affiliate transactions. MEC was in compliance with these covenants at December 31, 1999.

The note payable to NSP relates to long-term debt assumed by the Company in connection with the transfer of ownership of a Refuse Derived Fuel processing plant by NSP to the Company in 1993.

The NRG Energy $125 million, $250 million, $300 million and $240 million senior notes are unsecured and are used to support equity requirements for projects acquired and in development. The interest is paid semi-annually and the ten-year senior notes mature in February 2006, June 2007, and 2009. The fourteen year notes mature in November 2013.

The $240 million of NRG Energy Senior notes due November 1, 2013 are remarketable or redeemable Security (ROARS). November 1, 2003 is the first remarketing date for these notes. Interest is payable semi-annually beginning May 1, 2000 through November 1, 2003, and then at intervals and interest rates as discussed in the indenture. On the remarketing date, the notes will either be mandatorily tendered to and purchased by Credit Suisse Financial Products or mandatorily redeemed by the Company at prices discussed in the indenture. The notes are unsecured debt that rank senior to all of the Company's existing and future subordinated indebtedness.

The NRG San Diego, Inc. promissory note is secured principally by long-term assets of the San Diego Power & Cooling Company.

The various NEO notes are term loans. The loans are secured principally by long-term assets of NEO Landfill Gas collection system. NEO Landfill Gas is required to maintain compliance with certain covenants primarily related to incurring debt, disposing of the NEO Landfill Gas assets, and affiliate transactions.

The Camas Power Boiler LP notes are secured principally by long-term assets. In accordance with the terms of the note agreements, Camas Power Boiler LP is required to maintain compliance with certain financial covenants primarily related to incurring debt, disposing of assets, and affiliate transactions. Camas Power Boiler was in compliance with these covenants at December 31, 1999.

The Crockett Corporation term loan is secured by primarily the long-term assets of the Crockett Cogeneration project.

The O'Brien Cogen II promissory note is payable on the earlier of the first anniversary of the effective date (August 31, 1999) or upon the sale of the assets at the O'Brien Cogen II facility. Full payment of the note is guaranteed by the Company.

Annual maturities of long-term debt for the years ending after December 31, 1999 are as follows:

	(THOUSANDS OF DOLLARS)
2000	$ 30,462
2001	23,637
2002	26,104
2003	27,610
2004	31,594
Thereafter	1,832,453
Total	$1,971,860

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The Company has $550 million in revolving credit facilities under a commitment fee arrangement. These facilities provide short-term financing in the form of bank loans and letters of credit. At December 31, 1999, the Company has $340 million outstanding under its revolving credit agreements.

The Company had $116 million and $33.6 million in outstanding letters of credit as of December 31, 1999 and 1998, respectively.

In December 1999, the Company filed a shelf registration with the SEC to issue up to $500 million of unsecured debt securities. The Company expects to issue debt under this shelf during 2000 for general corporate purposes, which may include financing, development and construction of new facilities, additions to working capital and financing capital expenditures and pending or potential acquisitions.

On February 22, 2000, NRG Northeast Generating issued $750 million of senior secured bonds to refinance short-term project borrowings and for certain other purposes. The bond offering included three tranches: $320 million with an interest rate of 8.065 percent due in 2004, $130 million with an interest rate of 8.842 percent due in 2015 and $300 million with an interest rate of 9.292 percent due in 2024. The Company used $647 million of the proceeds to repay short-term borrowings outstanding at December 31, 1999; accordingly, $646.6 million of short term debt has been re-classified as long-term debt, based on this refinancing.

In March 2000, the Company issued $250 million of 8.70 percent 20-year remarketable or redeemable securities through an unconsolidated grantor trust. The funds were subsequently converted to 160 million pound sterling and will be used to finance the Company's investment in the Killingholme Power Station in England.

In March 2000, NRG South Central Generating LLC, a subsidiary of the Company, issued $800 million of senior secured bonds in a two-part offering. The first tranche was for $500 million with a coupon of 8.962 percent and a maturity of 2016. The second tranche was for $300 million with a coupon of 9.479 percent and a maturity of 2024. The proceeds will be used to finance the Company's investment in the Cajun generating facilities.

GUARANTEES

The Company may be directly liable for the obligations of certain of its project affiliates and other subsidiaries pursuant to guarantees relating to certain of their indebtedness, equity and operating obligations. One example is the Company's guarantee of the obligations of its project subsidiary that operates the Gladstone facility for up to AU$25 million, indexed to the Australian consumer price index, under the project subsidiary's operating and maintenance agreement with the owners of the facility. In addition, in connection with the purchase and sale of fuel, emission credits and power generation products to and from third parties with respect to the operation of some of the Company's generation facilities in the United States, the Company may be required to guarantee a portion of the obligations of certain of its subsidiaries. As of December 31, 1999, the Company's obligations pursuant to its guarantees of the performance, equity and indebtedness obligations of its subsidiaries totaled approximately $416.4 million.

NOTE 9 -- INCOME TAXES

The Company and its parent, NSP, have entered into a federal and state income tax sharing agreement relative to the filing of consolidated federal and state income tax returns. The agreement provides, among other things, that (1) if the Company, along with its subsidiaries, is in a taxable income position,

the Company will be currently charged with an amount equivalent to its federal and state income tax computed as if the group had actually filed separate federal and state returns, and (2) if the Company, along with its subsidiaries, is in a tax loss position, the Company will be currently reimbursed to the extent its combined losses are utilized in a consolidated return, and (3) if the Company, along with its subsidiaries, generates tax credits, the Company will be currently reimbursed to the extent its tax credits are utilized in a consolidated return. The provision for income taxes consists of the following:

	1999	1998	1997
	(THOUSANDS OF DOLLARS)		
Current			
Federal	$ 3,620	$(10,773)	$ (8,516)
State	1,041	(3,940)	(1,274)
Foreign	4,040	2,358	236
	8,701	(12,355)	(9,554)
Deferred			
Foreign	(7,668)	(7,736)	(2,703)
Federal	(2,792)	8,828	(958)
State	(3,901)	1,541	(439)
	(14,361)	2,633	(4,100)
Tax credits recognized	(20,421)	(15,932)	(9,837)
Total income tax (benefit)	$(26,081)	$(25,654)	$(23,491)
Effective tax rate	(84)%	(160)%	(1,557)%

The components of the net deferred income tax liability at December 31 were:

	1999	1998
	(THOUSANDS OF DOLLARS)	
Deferred tax liabilities		
Differences between book and tax basis of property	$37,713	$29,712
Investments in projects	17,308	14,911
Goodwill	1,117	978
Other	5,544	6,212
Total deferred tax liabilities	61,682	51,813
Deferred tax assets		
Deferred revenue	841	1,402
Deferred compensation, accrued vacation and other reserves	10,996	6,514
Development costs	6,768	9,241
Deferred investment tax credits	450	661
Steam capacity rights	844	910
Foreign tax benefit	20,919	12,425
Other	3,924	819
Total deferred tax assets	44,742	31,972
Net deferred tax liability	$16,940	$19,841

The effective income tax rate for the years 1999, 1998 and 1997 differs

from the statutory federal income tax rate of 35% primarily due to state tax, foreign tax, and tax credits as shown above, income and expenses from foreign operations not subject to U.S. taxes (as discussed below).

The Company intends to reinvest the earnings of foreign operations except to the extent the earnings are subject to current U.S. income taxes. Accordingly, U.S. income taxes and foreign withholding taxes have not been provided on a cumulative amount of unremitted earnings of foreign subsidiaries of approximately $195 million and $158 million at December 31, 1999 and 1998. The additional U.S. income tax and foreign withholding tax on the unremitted foreign earnings, if repatriated, would be offset in whole or in part by foreign tax credits. Thus, it is not practicable to estimate the amount of tax that might be payable.

NOTE 10 -- BENEFIT PLANS AND OTHER POSTRETIREMENT BENEFITS

PENSION BENEFITS

The Company participates in NSP's noncontributory, defined benefit pension plan that covers substantially all employees, other then those employed as a result of the NE Generating asset acquisitions. Benefits are based on a combination of years of service, the employee's highest average pay for 48 consecutive months, and Social Security benefits. Plan assets principally consist of the common stock of public companies, corporate bonds and U.S. government securities. The Company's net annual periodic pension cost includes the following components:

COMPONENTS OF NET PERIODIC BENEFIT COST

	1999	1998	1997
	(THOUSANDS OF DOLLARS)		
Service cost benefits earned	$ 1,602	$ 1,303	$ 1,127
Interest cost on benefit obligation	1,739	1,417	1,187
Expected return on plan assets	(2,866)	(2,226)	(1,029)
Amortization of prior service cost	393	172	5
Recognized actuarial (gain) loss	(2,053)	(1,878)	(3)
Net periodic (benefit) cost	$(1,185)	$(1,212)	$ 1,287

The Company discontinued funding its pension costs in 1998 due to the effects of funding limitations from employee benefit and tax laws on NSP's plan. Plan assets consist principally of common stock of public companies, corporate bonds and U.S. government securities. The funded status of the pension plan in which the Company employees participate is as follows at December 31:

RECONCILIATION OF FUNDED STATUS

	1999		1998	
	NSP PLAN	NRG PORTION	NSP PLAN	NRG PORTION
	(THOUSANDS OF DOLLARS)			
Benefit obligation at Jan. 1	$ 1,143,464	$ 20,112	$1,048,251	$17,410
Service cost	36,421	1,602	31,643	1,303
Interest cost	86,429	1,739	78,839	1,417
Plan amendments	184,255	2,214	102,315	3,045
Actuarial gain	(105,634)	(178)	(41,635)	(2,278)
Benefit payments	(97,086)	(1,200)	(75,949)	(785)

Benefit obligation at Dec. 31.....	$ 1,247,849	$ 24,289	$1,143,464	$20,112
Fair value of plan assets at Jan. 1.....	$ 2,221,819	39,079	$1,978,538	$18,795
Actual return on plan assets.....	293,904	9,199	319,230	21,069
Benefit payments.....	(97,086)	(1,200)	(75,949)	(785)
Fair value of plan assets at Dec. 31.....	$ 2,418,637	$ 47,078	$2,221,819	$39,079
Funded status at Dec. 31 -- excess of assets over obligation.....	$ 1,170,788	$ 22,789	$1,078,355	$18,967
Unrecognized transition (asset) obligation...	(311)	--	(387)	--
Unrecognized prior service cost.....	277,350	4,775	114,305	2,954
Unrecognized net gain.....	(1,381,889)	(26,944)	(1,167,340)	(22,486)
Accrued (prepaid) benefit obligation at Dec. 31.....	$ 65,938	$ 620	$ 24,933	$ (565)

AMOUNT RECOGNIZED IN THE BALANCE SHEET

	1999		1998	
	NSP PLAN	NRG PORTION	NSP PLAN	NRG PORTION
	(THOUSANDS OF DOLLARS)			
Prepaid benefit cost.....	$65,938	$ 868	$24,933	$ --
Accrued benefit liability.....	--	(248)	--	(565)
Net amount recognized -- asset (liability).....	$65,938	$ 620	$24,933	$(565)

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5% for December 31, 1999 and 6.5% for December 31, 1998. The rate of increase in future compensation levels used in determining the actuarial present value of the projected obligation was 4.5% in 1999 and 4.5% in 1998. The assumed long-term rate of return on assets used for cost determinations was 8.5% for 1999 and 1998 and 9.0% for 1997.

Effective Jan. 1, 1998, NSP changed its method of accounting for subsidiary pension costs under SFAS No. 87. The new method, which now allocates plan assets based on subsidiary benefit obligations, was adopted to better match earnings on total plan assets with the corresponding subsidiary benefit obligations. The effect of this change decreased periodic pension costs by $2.9 million in 1998 from 1997 levels, including $1.3 million related to periods prior to the change. The effects of this change have not been reported separately on the income statement and prior periods have not been restated due to immateriality.

NRG EQUITY PLAN

Employees are eligible to participate in the Company's Equity Plan (the Plan). The Plan grants phantom equity units to employees based upon performance and job grade. The Company's equity units are valued based upon the Company's growth and financial performance. The primary financial measures used in determining the equity units' value are revenue growth, return on investment and cash flow from operations. The units are awarded to employees annually at the respective year's calculated share price (grant price). The Plan provides employees with a cash pay out for the unit's appreciation in value over the vesting period. The Plan has a seven year vesting schedule with actual payments beginning after the end of the third year and continuing at 20% each year for the subsequent five years. During 1999 and 1998, the Company recorded approximately $13 million and $2.6 million, respectively for the Plan.

The Plan includes a change of control provision, which allow all shares to

vest if the ownership of the Company were to change.

POSTRETIREMENT HEALTH CARE

The Company participates in NSP's contributory health and welfare benefit plan that provides health care and death benefits to substantially all employees after their retirement. The plan, was terminated for nonbargaining employees retiring after 1998 and for bargaining employees retiring after 1999. is intended to provide for sharing of costs of retiree health care between the Company and retirees. For covered retirees, the plan enables the Company to share the cost of retiree health costs. Nonbargaining retirees pay 40 percent of total health care costs. Cost-sharing for bargaining employees is governed by the terms of the collective bargaining agreement.

Postretirement health care benefits for the Company are determined and recorded under the provisions of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires the actuarially determined obligation for postretirement health care and death benefits to be fully accrued by the date employees attain full eligibility for such benefits, which is generally when they reach retirement age.

The Company's net annual periodic benefit cost under SFAS No. 106 includes the following components:

COMPONENTS OF NET PERIODIC BENEFIT COST

	1999	1998	1997
	(THOUSANDS OF DOLLARS)		
Service cost benefits earned	$ 9	$165	$223
Interest cost on benefit obligation	24	145	246
Amortization of transition asset	--	17	70
Amortization of prior service cost	(104)	(40)	--
Recognized actuarial (gain) loss	(34)	2	--
Net periodic (benefit) cost	$(105)	$289	$539

Plan assets as of December 31, 1999 consisted of investments in equity mutual funds and cash equivalents. The Company's funding policy is to contribute to NSP benefits actually paid under the plan.

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The following table sets forth the funded status of the health care plan in which the Company employees participate at December 31:

RECONCILIATION OF FUNDED STATUS

	1999		1998	
	NSP PLAN	NRG PORTION	NSP PLAN	NRG PORTION
	(THOUSANDS OF DOLLARS)			
Benefit obligation at Jan. 1	$ 219,762	$ 1,517	$ 279,230	$ 3,893
Service cost	196	9	3,247	165
Interest cost	9,184	24	15,896	145
Plan amendments	(80,840)	(770)	(51,456)	(1,872)
Actuarial gain loss	8,269	(359)	(9,732)	(814)
Benefit payments	(16,637)	--	(17,423)	--
Benefit obligation at Dec. 31	$ 139,934	$ 421	$ 219,762	$ 1,517

Fair Value of plan assets at Jan. 1.....	$ 34,514	$ --	$ 19,783	$ --
Actual return on plan assets.....	3,982	--	2,471	--
Employer contributions.....	13,339	--	29,683	--
Benefit payments.....	(16,637)	--	(17,423)	--
Fair value of plan assets at Dec. 31.....	$ 35,198	$ --	$ 34,514	$ --
Funded status at Dec. 31 -- unfunded obligation.....	$(104,736)	$ (421)	$ 185,248	$ 1,517
Unrecognized transition obligation.....	22,073	--	(104,482)	--
Unrecognized prior service cost.....	(2,926)	(1,452)	2,399	786
Unrecognized net gain (loss).....	10,580	(562)	(3,790)	237
Accrued (liability) benefit recorded at Dec. 31.....	$ (75,009)	$(2,435)	$ 79,375	$ 2,540

The assumed health care cost trend rates used in measuring the accumulated projected benefit obligation (APBO) at both December 31, 1999 and 1998, were 8.1% for those under age 65, and 6.1 % for those over age 65. The assumed cost trends are expected to decrease each year until they reach 5.0% for both age groups in the year 2004, after which they are assumed to remain constant. A one percent increase in the assumed health care cost trend rate would increase the APBO by approximately $36 thousand as of December 31, 1999. Service and interest cost components of the net periodic postretirement cost would increase by approximately $2 thousand with a similar one percent increase in the assumed health care cost trend rate. The assumed discount rate used in determining the APBO was 6.5% for both December 31, 1999 and 1998, compounded annually. The assumed long-term rate of return on assets used for cost determinations under SFAS No. 106 was 8% for 1999, 1998 and 1997

PENSION BENEFITS -- 1999 ACQUISITIONS

During 1999, the Company acquired several generating assets and assumed benefit obligations for a number of employees associated with those acquisitions. The plans assumed included noncontributory defined benefit pension formulas, matched 401(k) savings plans, and contributory post-retirement welfare plans. Approximately, 56 percent of the Company's benefit employees are represented by eight local labor unions under collective bargaining agreements, which expire between 2000 and 2003.

The Company sponsors one noncontributory, defined benefit pension plan that covers most of the employees associated with the 1999 acquisitions. Generally, the benefits are based on a combination of years of service, the final average pay and Social Security benefits.

COMPONENTS OF NET PERIODIC BENEFIT COST

	1999
	(THOUSANDS OF DOLLARS)
Service cost benefits earned.....	$ 968
Interest cost on benefit obligation.....	1,115
Expected return on plan assets.....	(1,193)
Net periodic (benefit) cost.....	$ 890

RECONCILIATION OF FUNDED STATUS

	1999
	(THOUSANDS OF DOLLARS)
Benefit obligation at beginning of period	$ 24,954
Additional Acquisitions during the Year	27,330
Service cost	968
Interest cost	1,115
Plan amendments	--
Actuarial gain	(1,098)
Benefit payments	(403)
Benefit obligation at Dec. 31	$ 52,866
Fair value of plan assets at beginning of period	$ 24,905
Additional assets transferred	10,070
Actual return on plan assets	3,091
Benefit payments	(403)
Fair value of plan assets at Dec. 31	$ 37,663
Funded status at Dec. 31 -- excess of assets over obligation	$(15,203)
Unrecognized transition (asset) obligation	--
Unrecognized prior service cost	--
Unrecognized net gain	(2,996)
(Accrued) Prepaid benefit obligation at Dec. 31	$(18,199)

AMOUNT RECOGNIZED IN THE BALANCE SHEET

	1999
	(THOUSANDS OF DOLLARS)
Prepaid benefit cost	--
Accrued benefit liability	$(18,199)
Net amount recognized -- (liability)	$(18,199)

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5% for December 31, 1999. The rate of increase in future compensation levels used in determining the actuarial present value of the projected obligation was 4.5% for nonunion employees and 3.50% for union employees. The assumed long-term rate of return on assets used for cost determinations was 8.5% for 1999.

POSTRETIREMENT HEALTH CARE

The Company has also assumed post retirement health care benefits for some of the Company's employees associated with the 1999 acquisitions. The plan enables the Company and the retirees to share the costs of retiree health care. The cost sharing varies by acquisition group and collective bargaining agreements. There are no existing Company retirees under these plans as of December 31, 1999. Complete valuation data is not available for some of these groups. The estimated net periodic postretirement benefit cost for 1999 is $0.85 million. The estimated accumulated post-retirement benefit obligation is $12

million at December 31,1999.

401(K) PLANS

The Company also assumed several contributory, defined contribution employee savings plans as a result of its 1999 acquisition activity. These plans comply with Section 401(k) of the Internal Revenue Code and cover substantially all of the Company's employees who are not covered by NSP's 401(k) Plan. The Company matches specified amounts of employee contributions to the plan. Employer contributions made to the Company's plans were approximately $0.31 million in 1999.

NOTE 11 -- SALES TO SIGNIFICANT CUSTOMERS

During 1999, the Company's electric power generation operations located in the northeastern part of the United States, NRG Northeastern Generating LLC, accounted for approximately 60% of the Company's total revenues from wholly owned operations. Sales to three customers accounted for 10.5%, 21.0% and 19.7% of total revenues from wholly owned operations in 1999. During 1999, the Company entered into transition agreements with these customers providing for the sale of energy and other ancilliary services generated from certain electric generating facilities recently acquired from these customers and others. These agreements generally range from four to ten years in duration.

The Company and the Ramsey/Washington Resource Recovery Project have a service agreement for waste disposal, which expires in 2006. Approximately 26.5% in 1998 of the Company's operating revenues were recognized under this contract. In addition, sales to one thermal customer amounted to 10.3% of operating revenues in 1998.

NOTE 12 -- FINANCIAL INSTRUMENTS

The estimated December 31 fair values of the Company's recorded financial instruments are as follows:

	1999		1998	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	(THOUSANDS OF DOLLARS)			
Cash and cash equivalents	$ 31,483	$ 31,483	$ 6,381	$ 6,381
Restricted cash	17,441	17,441	4,021	4,021
Notes receivable, including current portion	71,568	71,568	136,291	136,291
Long-term debt, including current portion	1,971,860	1,931,969	502,476	519,418

For cash, cash equivalents and restricted cash, the carrying amount approximates fair value because of the short-term maturity of those instruments. The fair value of notes receivable is based on expected future cash flows discounted at market interest rates. The fair value of long-term debt is estimated based on the quoted market prices for the same or similar issues.

DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 1999, the Company had no contracts to hedge or protect foreign currency denominated future cash flows. One contract that was executed during 1999 had no material effect on earnings.

During the third quarter of 1999, NRG Northeast, a wholly owned subsidiary of the Company entered into $600 million of "treasury locks," at various interest rates, which expired in February 2000. These treasury locks were an interest rate hedge for an NRG Northeast bond offering that was completed on

February 22, 2000. The proceeds of this bond offering were used to pay down borrowings under a NRG Northeast's existing short-term credit facility.

As of December 31, 1999, the Company had three interest rate swap agreements with notional amounts totaling approximately $393 million. The contracts are used to manage the Company's exposure to changes in interest rates. If the swaps had been discontinued on December 31, 1999, the Company would have owed the counterparties approximately $3 million. Management believes that the Company's exposure to credit risk due to nonperformance by the counterparties to its hedging contracts is insignificant, based on the investment grade rating of the counterparties.

- In September 1999, the Company entered into a $200 million swap agreement effectively converting the 7.5 percent fixed rate on its senior notes to a variable rate based on the London Interbank Offered Rate. The swap expires on June 1, 2009.

- A second swap effectively converts a $16 million issue of variable rate debt into a fixed rate debt. The swap expires on September 30, 2002.

- A third swap converts $177 million of variable rate debt into fixed rate debt. The swap expires on December 17, 2014.

The Company's Power Marketing subsidiary uses energy forward contracts along with physical supply, to hedge market risk in the energy market. At December 31, 1999, the notional amount of energy forward contracts was approximately $207 million.

If the contracts had been terminated at December 31, 1999, the Company would have received approximately $12.0 million based on price fluctuations to date. Management believes the risk of counterparty nonperformance with regard to any of the Company's hedging transactions is not significant.

NOTE 13 -- COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS

The Company leases certain of its facilities and equipment under operating leases, some of which include escalation clauses, expiring on various dates through 2010. Rental expense under these operating leases was $5.4 million in 1999 and $1.7 million in 1998. Future minimum lease commitments under these leases for the years ending after December 31, 1999 are as follows:

	(THOUSANDS OF DOLLARS)
2000	$ 5,518
2001	5,223
2002	4,614
2003	4,161
2004	4,094
Thereafter	35,293
Total	$58,903

The Company expects to invest approximately $2.7 billion in 2000 and approximately $4.7 billion for the five-year period 2000 - 2004 for nonregulated projects and property, which include acquisitions and projects investments. The Company's capital requirements for 2000 reflect expected acquisitions of existing generation facilities, including Cajun, Killingholme A and the Conectiv fossil assets.

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CAPITAL COMMITMENTS -- INTERNATIONAL

In November 1999, the Company agreed to purchase the 665 MW Killingholme A station from National Power plc. Killingholme A was commissioned in 1994 and is a combined-cycle, gas-turbine power station located in England. The purchase price for the station will be approximately 410 million pounds sterling (approximately $662 million U.S. at end of year exchange rates), subject to commercial adjustments. The purchase price includes 20 million pounds sterling (approximately $32 million U.S. at end of year exchange rates) that is contingent upon the successful completion of negotiations regarding NRG's purchase of National Power's Blyth generating facilities. The Blyth assets consist of two coal-fired stations totaling 1,140 MW of generation capacity located in England.

CAPITAL COMMITMENTS -- DOMESTIC

The Company, together with its partner and the creditors's committee filed a plan with the United States Bankruptcy Court for the Middle District of Louisiana to acquire 1,708 MW of fossil generating assets from Cajun Electric Power Cooperative of Baton Rouge, Louisiana (Cajun) for approximately $1.0 billion The consortium has the support of the Chapter 11 trustee and Cajun's secured creditors. During the third quarter of 1999, the U.S. Bankruptcy Judge confirmed the creditors plan of reorganization and the Company exercised an option to purchase its partner's 50 percent interest in the project. The Company expects to close the acquisition of the Cajun assets during the first quarter of 2000.

In January 2000, the Company agreed to purchase 1,875 MW of fossil-fueled electric generating capacity and other assets from Conectiv of Wilmington, Delaware for $800 million. The fossil-fueled generating facilities consist of Conectiv's wholly owned BL England, Deepwater, Indian River and Vienna steam stations plus Conectiv's interest in the Conemaugh and Keystone steam stations. Other assets in the purchase are the 241-acre Dorchester site located in Dorchester County, Maryland, certain Merrill Creek Reservoir entitlements in Harmony Township, New Jersey and certain excess emission allowances.

In January 2000, the Company executed a memorandum of understanding with GE Power Systems, a division of General Electric Company, to purchase 11 gas turbine generators and five steam turbine generators. The purchase will take place over the next five years and is valued at approximately $500 million with an option to purchase additional units. The 16 turbines have an equivalent generation output of 3,000 MW and will be installed at the Company's existing North American plant sites.

The Company has contractually agreed to the monetization of certain tax credits generated from landfill gas sales through the year 2007.

Future capital commitments related to projects are as follows:

	(MILLIONS OF DOLLARS)
2000	$2,700
2001	500
2002	500
2003	500
2004	500
Total	$4,700

SOURCE OF CAPITAL

The Company anticipates funding its ongoing capital commitments through the issuance of debt, additional equity from NSP, and operating cash flows. In addition, the Company may issue a limited amount of equity financing to third parties for funding a portion of the capital requirements.

CONTINGENT REVENUES

During 1999, the first year of deregulation in the state of New York power industry, the Company has claims related to certain revenues earned during the period April 27, 1999 to December 31, 1999. The Company is actively pursuing resolution and/or collection of these amounts, which totaled approximately $8.9 million as of December 31, 1999. These amounts have not been recorded in the financial statements and will

not be recognized as income until disputes are resolved and collection is assured. The contingent revenues relate to interpretation of certain transition power sales agreements and to sales to the NYPP and NEPOOL, conflicting meter readings, pricing of firm sales and other power pool reporting issues.

CONTRACTUAL COMMITMENTS

Arthur Kill Power and Astoria Power have entered into agreements with ConEd that obligate them to maintain the electric generating capability and availability of their respective facilities at specified levels for the terms of these agreements, and whereby during certain periods, ConEd will purchase specified amounts of capacity, as long as the capacity is counted in the installed capacity requirement for New York City. The capacity must satisfy all criteria, standards and requirements applicable to providers of installed capacity established by the New York State Reliability Counsel ("NYSRC"), the Northwest Power Coordinating Council ("NPCC"), the North American Electric Reliability Council ("NERC"), the New York Power Pool (NYPP) or the NYISO. Should the capacity of the facility drop below the minimum level required, the subsidiary owning the facility will pay to ConEd a deficiency charge. The sellers may use electric capacity other than that generated by their own plants to satisfy ConEd's demands.

The respective subsidiary will bill ConEd for the electricity capacity sold and ConEd will bill that subsidiary for any capacity deficiency payments on a monthly basis. Any amount unpaid after it is due will accrue interest. Any dispute on the amount payable will first be settled by good faith negotiation among the parties.

For the next four years, the Company estimates that a significant portion of the total revenues from the Dunkirk and Huntley facilities will be derived from four-year transition contracts for capacity and energy. All forward capacity is sold to NIMO during the transition period, with the remainder of energy sold to the NYISO. Each of the following agreements was executed on June 11, 1999 and extends for a term of four years.

To hedge its transition to market rates, NIMO has required NRG Power Marketing to enter into an International Swap Dealers Association (ISDA) Master Agreement (together with the Schedule, the Confirmation and the Guarantee Agreement, the "Swap Agreement"). Under the Swap Agreement, NIMO will pay to NRG Power Marketing a fixed monthly price for the Dunkirk (units 1, 2, 3 and 4) and Huntley (units 67 and 68 only) facilities' capacity and ancillary services and NRG Power Marketing will pay to NIMO the market rates for the related capacity and ancillary services. The swap is only a financial contract and it incorporates the terms of the ISDA Master Agreement.

NIMO will have the right from time to time to exercise a call option for an additional swap pursuant to which, within a certain limit consistent with

outages and availability requirements, NIMO will nominate certain amounts of energy from the Dunkirk and Huntley facilities and will pay to NRG Power Marketing an amount for such energy determined in accordance with the heat rate curve representing the nominated unit. NRG Power Marketing will pay to NIMO the market rates for such energy at the time that the energy was nominated. However, NRG Power Marketing may refuse the call option for either of the facilities if a facility is unexpectedly forced off-line or derated sufficiently to be unable to fulfill the portion of the specified quantity of power in the option. Any such refusal of the call option will be limited to the Decline Quantity Cap, which is calculated based upon the capacity of the relevant facility for the prior six months. NIMO will be entitled to make up for any refused call option in the future by delivering reasonable notice to NRG Power Marketing.

In addition to the Swap Agreement, Huntley Power has entered into an agreement with NIMO that gives NIMO the option to purchase from the Huntley facility certain quantities of electricity generated by Huntley units 65 and 66, during the summer and winter months, up to a specified maximum limit for the term of this agreement. If Huntley Power is selling the electrical output generated by units 65 and 66 to a third party, Huntley Power may refuse to deliver such output to NIMO. Furthermore, if unit 65 or 66 is generating for NIMO, Huntley Power has the right to "recall" the unit(s) in order to facilitate a sale to a third party. If Huntley Power fails to meet NIMO's quantity request for electricity output, it will compensate NIMO. NIMO will pay Huntley Power according to the amount of electricity output delivered to NIMO, on a monthly basis. Control and title pass at the point of delivery of the energy and each party agrees to indemnify

the other against any claims arising out of any act or incident occurring during the period when control and title of the electricity is vested in the indemnifying party.

Huntley Power has also entered into an agreement with NIMO that gives NIMO the option to purchase from Huntley Power certain quantities of electricity generated by Huntley units 67 or 68 (during peak and off-peak summer hours), within a specified range of MW per hour, not to exceed 189 MW for any one hour during the peak hours, for the term of the agreement. If Huntley Power fails to meet NIMO's quantity request for electricity, Huntley Power will compensate NIMO for quantities not provided. NIMO will pay Huntley Power according to the amount of power delivered to NIMO, on a monthly basis. Control and title passes at the point of delivery of the energy and each party shall indemnify the other party from any claims arising out of any act or incident occurring during the period when control and title of the electricity is vested in the indemnifying party.

Oswego Power has entered into a four-year transition power sales contract with NIMO in order to hedge its transition to market rates. Under the agreement, NIMO will pay to Oswego Power a fixed monthly price plus start up fees for the right, but not the obligation, to claim, at a specified delivery point or points, the installed capacity of unit 5 of the Oswego facility, and for the right to exercise, at a specified price, an option for an additional 350 MW of installed capacity. The total amount of energy which Oswego Power must supply under the call option is limited to a nominal amount of energy per year. Oswego Power may refuse such option if the facility is unexpectedly unavailable or derated sufficiently to be unable to fulfill the option, as long as Oswego Power uses "good utility practice" to maintain the power stations. Oswego Power may also choose to supply the energy required from another source as long as adjustment is made for any difference in value between the agreed upon delivery point and the actual point of delivery. In the event that Oswego Power is unable to provide from its own sources installed capacity of unit 5 in the amount claimed by NIMO, Oswego Power must procure the capacity from the market and provide it to NIMO at no additional cost or else suffer a penalty.

NRG Power Marketing has entered into a Wholesale Standard Offer Service Agreement, dated October 13, 1998 and amended as of January 15, 1999 (the "WSO Agreement"), with Blackstone Valley Electric Company, Eastern Edison Company,

and Newport Electric Corporation (collectively the "EUA Companies"), which obligates NRG Power Marketing to provide each of the EUA Companies with firm all-requirements electric service, including capacity, energy, reserves, losses and related services necessary to serve a specified share of the EUA Companies' aggregate load attributable to retail customers taking standard offer service. NRG Power Marketing assumes all expenses, liabilities and losses, regulatory or economical, related to such service. NRG Power Marketing may supply the power to the EUA Companies at any point on the New England Power Pool transmission facilities system or on the EUA Companies' system.

The price for each unit of electricity is a combination of a fixed price plus a fuel adjustment factor. The EUA Companies will calculate the estimated power supplied each month and pay to NRG Power Marketing the price for such electricity before the end of the next month. Any amounts unpaid by the due date will accrue interest. The EUA Companies may make retroactive adjustments to the bills for up to one year after the date of the original billing. NRG Power Marketing must meet certain creditworthiness criteria for the term of the agreement, or must provide a guaranty from an entity which meets the creditworthiness criteria. The term extends from April 26, 1999, the closing date of the asset purchase agreement until December 31, 2009. The agreement may also be terminated in the case of an event of default or if the facility's electric service requirement is less than 1 MW/hr for two consecutive months.

In 1999, the Company entered into a Standard Offer Service Wholesale Sales Agreement with CL&P. The Company will supply CL&P with 35 percent of its standard offer service load during 2000, 40 percent during 2001 and 2002, and 45 percent during 2003. The four year contract is valued at $1.7 billion. The Company will serve the load with a combination of existing generation and power purchases.

ENVIRONMENTAL REGULATIONS

Environmental controls at the federal, state, regional and local levels have a substantial impact on the Company's operations due to the cost of installation and operation of equipment required for compliance.

AIR

On October 12, 1999, the Company received a letter from the Office of the Attorney General of the State of New York speculating that based on a preliminary analysis, it believes that significant modifications were made to the Huntley and Dunkirk facilities during NIMO's ownership of these facilities without obtaining Prevention of Significant Deterioration (PSD) and/or New Source Review (NSR) permits. The letter requested documents related to historic maintenance, repair, and replacement work at the facilities, as well as other data related to operations and emissions from these facilities. On January 12, 2000, the Company received a formal request from the New York Department of Environmental Conservation (NYDEC) seeking essentially the same documents covered by the Attorney General's letter. The Company understands that the NYDEC request supercedes the Attorney General's request. Although, the Company does not have knowledge that NIMO failed to comply with the preconstruction permit requirements at the Huntley and Dunkirk facilities, the Company has only recently initiated steps to investigate more fully allegations to the contrary. If it is determined that these facilities did not comply with the PSD or NSR permit programs, the Company could be required among other things, to install pollution control technology to further control the emissions of nitrogen oxide (NO(X)) and sulfur dioxide (SO(2)) from the Huntley and Dunkirk facilities. By virtue of conditions imposed under the asset sale agreement between the Company and NIMO (the Company's rights and obligations under the asset sale agreement were substantially assigned to Huntley Power LLC and Dunkirk Power LLC), NIMO remains responsible for "any fines, penalties and assessments imposed by a governmental entity with respect to violation or alleged violation of Environmental Law which occurred prior to the Closing Date." Even so, the Company could become subject to fines and/or penalties associated with the period of time it has operated the facilities.

On October 14, 1999, Governor Pataki of New York directed the Commissioner of the NYDEC to require further reductions of SO(2) emissions and NO(X) emissions from New York power plants, beyond that which is required under current federal and state law. Under Governor Pataki's directive NO(X) emissions during the "non-ozone" season would be reduced to levels consistent with those currently mandated for the "ozone" season under the Ozone Transport Commission's Memorandum of Understanding. This additional reduction requirement would be phased in between January 1, 2003 and January 2, 2007. In addition, Governor Pataki announced that he is ordering a reduction of S02 emissions by 50% beyond the requirements of the Federal Acid Rain Program. These reductions would also be phased in between January 1, 2003 and January 1, 2007. Compliance with these emission reduction requirements, if they become effective, could have a material impact on the operation of the Company's facilities located in the State of New York.

On November 3, 1999, in the southern and mid-western regions of the United States, the United States Department of Justice (DOJ) filed suit against seven electric utilities for alleged violations of the Federal Clean Air Act (the Clean Air Act) NSR and PSD permit requirements at seventeen utility generating stations located in the southern and mid-western regions of the United States. In addition, the United States Environmental Protection Agency (U.S. EPA) issued administrative notices of violation alleging similar violations at eight other power plants owned by certain of the electric utilities named as defendants in the DOJ lawsuit, and also issued an administrative order to the Tennessee Valley Authority for similar violations at seven of its power plants. The DOJ lawsuit alleges that the defendants, over a period of twenty years, undertook modifications at their generating stations that resulted in increased air emissions without complying with stringent regulatory requirements governing such modifications. Subsequent to the DOJ lawsuit, New York, Connecticut and New Jersey have brought their own lawsuits against American Electric Power, an Ohio based utility holding company, and have sought to intervene in the DOJ lawsuit. To date, no lawsuits or administrative actions have been brought against the Company or the former owners of the facilities alleging violations of the NSR or PSD requirements. However, there is a likelihood that future lawsuits alleging similar violations may be filed against additional electric utility generating stations. The Company can provide no assurance that lawsuits or administrative actions alleging violations of PSD and NSR requirements will not be filed in the future.

The State of Connecticut has in the past considered legislation that would require older electrical generating stations to comply with more stringent pollution standards for NO(X) and SO(2) emissions. During the 1999 legislative session, the Connecticut House of Representatives voted in favor of such legislation. The

House bill was referred to the Energy Technology Committee where no action was taken. Similar legislation has been introduced as part of the 2000 legislative session.

SITE CONTAMINATION/REMEDIATION

With the acquisition of the NRG Northeast assets, the Company assumed certain liabilities for existing environmental conditions at the sites with the exception of off-site liabilities associated with the disposal of hazardous materials and certain other environmental liabilities. The Company has not assumed responsibility for any contamination resulting from the September 7, 1998 explosion and subsequent fire involving a transformer containing PCBs at the Arthur Kill Station. The transformer explosion, fire and subsequent oil spill resulted in the release of PCB's to the environment. Consolidated Edison Company of New York, Inc. maintains responsibility for the remediation of the PCB and other contamination associated with this event.

Environmental site assessments have been prepared for all of the recently acquired NRG Northeast assets. The remediation activities at the Arthur Kill,

Astoria Gas Turbine and Somerset facilities are still in the study phase. As such, the remediation cost estimates are based on approaches that have not been approved yet by the regulatory agencies involved. Data from additional investigations performed at the Astoria Gas Turbines and the approach being taken at the Somerset Station may result in less costly remediation efforts than originally estimated.

For the Connecticut facilities, the Company is planning to conduct additional studies to better quantify remedial need. Such studies include the preparation of risk assessments to justify remedial actions proposed by the Company to the Connecticut Department of Environmental Protection and U.S. EPA.

COSTS

The Company has recorded approximately $5.8 million for expected environmental costs related to site remediation issues at the Arthur Kill, Astoria facilities and Somerset facilities. These amounts are based on the environmental assessments for these sites.

The Company has budgeted approximately $44 million for capital expenditures between 2000 and 2004 for environmental compliance, which includes the above remedial investigations, the installation of NO(X) control technology at the Somerset facility, intake screens at the Dunkirk facility, the resolution of consent orders for remediation at the Arthur Kill and Astoria facilities and the resolution of a consent order for water intake at the Arthur Kill facility.

CLAIMS AND LITIGATION

On or about July 12, 1999, Fortistar Capital Inc., a Delaware Corporation (Fortistar), filed a complaint in District Court (Fourth Judicial District, Hennepin County) in Minnesota against the Company, asserting claims for injunctive relief and for damages as a result of the Company's alleged breach of a confidentiality letter agreement with Fortistar relating to the Oswego facility (Letter Agreement).

The Company disputes Fortistar's allegations and has asserted numerous counterclaims.

A temporary injunction hearing was held on September 27, 1999. The acquisition of the Oswego facility was closed on October 22, 1999, following notification to the Court of Oswego Power's intention to close on that date. On January 14, 2000, the court denied Fortistar's request for a temporary injunction. The Company intends to continue to vigorously defend the suit and believes Fortistar's complaint to be without merit. No trial date has been set.

The Company is involved in various other litigation matters. The Company is actively defending these matters and does not feel the outcome of such matters would materially impact the Company's results of operations.

NOTE 14 -- SEGMENT REPORTING

The Company conducts its business within three segments: Independent Power Generation, Alternative Energy (Resource Recovery and Landfill Gas) and Thermal projects. These segments are distinct components of the Company with separate operating results and management structures in place. The "Other" category includes operations that do not meet the threshold for separate disclosure and corporate charges that have not been allocated to the operating segments.

	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
	(THOUSANDS OF DOLLARS)				

1999					
OPERATING REVENUES					
Revenues from wholly-owned operations(a)....	$322,943	$ 26,934	$76,277	$ 5,401	$431,555
Intersegment revenues.....	--	963	--	--	963
Equity in earnings of unconsolidated affiliates(b).....	69,686	(2,205)	19	--	67,500
Total operating revenues.....	392,629	25,692	76,296	5,401	500,018
OPERATING COSTS AND EXPENSES					
Cost of wholly-owned operations.....	207,081	24,977	42,401	(4,559)	269,900
Depreciation and amortization.....	17,153	6,126	6,280	7,467	37,026
General, administrative, and development....	33,783	7,876	8,869	33,044	83,572
Total operating costs and expenses...	258,017	38,979	57,550	35,952	390,498
OPERATING INCOME.....	134,612	(13,287)	18,746	(30,551)	109,520
OTHER INCOME (EXPENSE)					
Minority interest in earnings of consolidated Subsidiary.....	(2,322)	--	(134)	--	(2,456)
Write-off of investment.....	--	--	--	--	--
Gain on sale of interest in projects.....	--	--	--	10,994	10,994
Other income, net.....	2,328	(4,281)	10	8,375	6,432
Interest expense.....	(25,918)	169	(8,152)	(59,475)	(93,376)
Total other income (expense).....	(25,912)	(4,112)	(8,276)	(40,106)	(78,406)
INCOME (LOSS) BEFORE INCOME TAXES.....	108,700	(17,399)	10,470	(70,657)	31,114
INCOME TAX (BENEFIT).....	8,812	(27,642)	3,963	(11,214)	(26,081)
NET INCOME.....	$ 99,888	$ 10,243	$ 6,507	$(59,443)	$ 57,195

	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
	(THOUSANDS OF DOLLARS)				
1998					
OPERATING REVENUES					
Revenues from wholly-owned operations(a)....	$ 8,185	$ 30,143	$52,699	$ 7,660	$ 98,687
Intersegment revenues.....	--	1,737	--	--	1,737
Equity in earnings of unconsolidated affiliates(b).....	81,948	(1,314)	1,215	(143)	81,706
Total operating revenues.....	90,133	30,566	53,914	7,517	182,130
OPERATING COSTS AND EXPENSES					
Cost of wholly-owned operations.....	7,097	20,980	24,665	(329)	52,413
Depreciation and amortization.....	980	5,590	9,258	492	16,320
General, administrative, and development....	(7,099)	7,776	3,298	52,410	56,385
Total operating costs and expenses...	978	34,346	37,221	52,573	125,118
OPERATING INCOME.....	89,155	(3,780)	16,693	(45,056)	57,012
OTHER INCOME (EXPENSE)					
Minority interest in earnings of consolidated Subsidiary.....	(2,251)	--	--	--	(2,251)
Write-off of investment.....	(26,740)	--	--	--	(26,740)
Gain on sale of interest in projects.....	29,950	--	--	--	29,950
Other income, net.....	2,482	2,683	118	3,137	8,420
Interest expense.....	(586)	(1,921)	(7,359)	(40,447)	(50,313)
Total other income (expense).....	2,855	762	(7,241)	(37,310)	(40,934)
INCOME (LOSS) BEFORE INCOME TAXES.....	92,010	(3,018)	9,452	(82,366)	16,078
INCOME TAX (BENEFIT).....	18,605	(16,445)	2,852	(30,666)	(25,654)
NET INCOME.....	$ 73,405	$ 13,427	$ 6,600	$(51,700)	$ 41,732
1997					
OPERATING REVENUES					
Revenues from wholly-owned operations(a)....	$ 5,339	$ 27,257	$48,604	$ 9,926	$ 91,126
Intersegment revenues.....	--	926	--	--	926
Equity in earnings of unconsolidated					

affiliates(b)	26,206	(192)	186	--	26,200
Total operating revenues	31,545	27,991	48,790	9,926	118,252
OPERATING COSTS AND EXPENSES					
Cost of wholly-owned operations	1,693	17,730	24,902	2,392	46,717
Depreciation and amortization	483	2,842	6,623	362	10,310
General, administrative, and development	8,186	6,111	2,403	26,416	43,116
Total operating costs and expenses	10,362	26,683	33,928	29,170	100,143
OPERATING INCOME	21,183	1,308	14,862	(19,244)	18,109
OTHER INCOME (EXPENSE)					
Minority interest in earnings of consolidated Subsidiary	(131)				(131)
Write-off of investment	(8,964)				(8,964)
Gain on sale of interest in projects	1,559			7,143	8,702
Other income, net	5,888	2,618	(14)	3,272	11,764
Interest expense	(653)	(529)	(5,958)	(23,849)	(30,989)
Total other income (expense)	(2,301)	2,089	(5,972)	(13,434)	(19,618)
INCOME (LOSS) BEFORE INCOME TAXES	18,882	3,397	8,890	(32,678)	(1,509)
INCOME TAX (BENEFIT)	(6,502)	(4,888)	3,165	(15,266)	(23,491)
NET INCOME	$ 25,384	$ 8,285	$ 5,725	$(17,412)	$ 21,982

(a) Revenues from wholly-owned operations are from external customers located in the United States.

(b) The Company has significant equity investments for non-regulated projects outside of the United States. Equity earnings of unconsolidated affiliates, primarily independent power projects, includes $33.5 million in 1999, $29.3 million in 1998 and $27.1 million in 1997 from non-regulated projects located outside of the United States. The Company's equity investments in projects outside of the United States were $602.4 million in 1999, $591 million in 1998 and $517 million in 1997.

ITEM 9 -- CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

PART IV

ITEM 14 -- EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Consolidated Financial Statements
Included in Part II.

(a)(2) Supplemental Financial Statement Schedules

Exhibit 99.1 contains the financial statements of Mitteldeutsche Braunkohlengesell Schaft mbH ("MIBRAG").

Exhibit 99.2 contains the financial statements of Saale Energie GmbH ("Saale").

Exhibit 99.3 contains the financial statements of Sunshine State Power BVI and Sunshine State Power BVII (the "Sunshines").

Exhibit 99.4 contains the financial statements of NRG West Coast Power LLC ("West Coast Power").

All other financial statement schedules have been omitted because either they are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or in the Notes thereto.

(a)(3) Exhibits

3.1	Certificate of Incorporation. (Incorporated herein by reference to Exhibit 3.1 to the Registrants' Registration Statement on Form S-1, as amended, File No. 333-33397.) ("Form S-1")
3.2	By-Laws. (Incorporated herein by reference to Exhibits 3.2 to the Form S-1.)
4.1	Indenture, dated as of June 1, 1997, between the Company and Norwest Bank Minnesota, National Association. (Incorporated herein by reference to Exhibit 4.1 to the Form S-1).
4.2	Form of Exchange Notes. (Incorporated herein by reference to Exhibit 4.2 to the Form S-1).
4.3	Loan Agreement, dated June 4, 1999 between NRG Northeast Generating LLC, Chase Manhattan Bank and Citibank, N.A.
4.4	Indenture between the Company and Norwest Bank Minnesota, National Association, as Trustee dated as of May 25, 1999 (incorporated herein by reference to Exhibit 4.1 to the Company's current report on Form 8-K dated May 25, 1999 and filed on May 27, 1999).
4.5	Indenture between the Company and NRG Northeast Generating LLC and The Chase Manhattan Bank, as Trustee dated as of February 22, 2000.
4.6	NRG Energy Pass-Through Trust 2000-1, $250,000,000 8.70% Remarketable or Redeemable Securities ("ROARS") due March 15, 2005.
4.7	Trust Agreement between NRG Energy Inc. and The Bank of New York, as Trustee, dated March 20, 2000.
4.8	Indenture between NRG Energy Inc. and the Bank of New York , as Trustee dated March 20, 2000, 160,000,000 pounds sterling Reset Senior Notes due March 15, 2020.
10.1	Employment Contract, dated as of June 28, 1995, between the Company and David H. Peterson.(Incorporated herein by reference to Exhibit 10.1 to the Form S-1.)
10.2	Indenture, dated as of January 31, 1996, between the Company and Norwest Bank Minnesota, National Association, As Trustee. (Incorporated herein by reference to Exhibit 10.2 to the Form S-1).
10.3	Revolving Credit Agreement, dated as of March 17, 1997, ("ABN Credit Agreement") among the Company, the banks party thereto and ABN AMRO Bank, N.V. as Agent. (Incorporated herein by reference to Exhibit 10.3 to the Form S-1).
10.4	Note Agreement, dated August 20, 1993, among the Company Energy Center, Inc. and each of the purchasers named therein. (Incorporated herein by reference to Exhibit 10.4 to the Form S-1).

10.5	Master Shelf and Revolving Credit Agreement, dated August 20, 1993 among the Company Energy Center, Inc., The Prudential insurance Registrants of America and each Prudential Affiliate which becomes party thereto. (Incorporated herein by reference to Exhibit 10.5 to the Form S-1).

10.6 Energy Agreement, dated February 12, 1988 between the Company (formerly known as Norenco Corporation) and Waldorf Corporation (the "Energy Agreement"). (Incorporated herein by reference to Exhibit 10.6 to the Form S-1).

10.7 First Amendment to the Energy Agreement, dated August 27, 1993. (Incorporated herein by reference to Exhibit 10.7 to the Form S-1).

10.8 Second Amendment to the Energy Agreement, dated August 27, 1993. (Incorporated herein by reference to Exhibit 10.8 to the Form S-1).

10.9 Third Amendment to the Energy Agreement, dated August 27, 1993. (Incorporated herein by reference to Exhibit 10.9 to the Form S-1).

10.10 Construction, Acquisition, and Term Loan Agreement, dated September 2, 1997 by and among NEO Landfill Gas, Inc , as Borrower, the lenders named on the signature pages, Credit Lyonnais New York Branch, as Construction/Acquisition Agent and Lyon Credit Corporation as Term Agent. (Incorporated herein by reference to Exhibit 10.10 to the Form S-1).

10.11 Guaranty, dated September 12, 1997 by the Company in favor of Credit Lyonnais New York Branch as agent for the Construction/Acquisition Lenders. (Incorporated herein by reference to Exhibit 10.11 to the Form S-1).

10.12 Construction, Acquisition, and Term Loan Agreement, dated September 2, 1997 by and among Minnesota Methane LLC, as Borrower, the lenders named on the signature pages, Credit Lyonnais New York Branch, as Construction/Acquisition Agent and Lyon Credit Corporation as Term Agent. (Incorporated herein by reference to Exhibit 10.12 to the Form S-1).

10.13 Guaranty, dated September 12, 1997 by the Company in favor of Credit Lyonnais New York Branch as agent for the Construction/Acquisition Lenders. (Incorporated herein by reference to Exhibit 10.14 to the Form S-1).

10.14 Non Operating Interest Acquisition Agreement dated as of September 12, 1997, by and among the Company and NEO Corporation. (Incorporated herein by reference to Exhibit 10.14 to the Form S-1).

10.15 First Amendment to ABN Credit Agreement, dated as of March 17, 1998. (Incorporated by reference to Exhibit 10.15 of Form 10-K for the year ended December 31, 1997).

10.16 364-Day Revolving Credit Agreement dated as of March 17, 1998, among the Company Energy, Inc., the Banks party thereto and ABN AMRO Bank N.V. as Agent. (Incorporated by reference to Exhibit 10.16 of Form-10K for the year ended December 31, 1997).

10.17 Employment Agreements between the Company and certain officers dated as of April 15, 1998. (Incorporated herein by reference to Exhibit 10.17 on Form 10-Q for the quarter ended March 31, 1998).

10.18 Wholesale Standard Offer Service Agreement between Blackstone Valley Electric Company, Eastern Edison Company, Newport Electric Corporation and NRG Power Marketing, Inc., dated October 13, 1998.

10.19 Asset Sales Agreement by and between Niagara Mohawk Power Corporation and NRG Energy, Inc., dated December 23, 1998.

10.20 First Amendment to Wholesale Standard Offer Service Agreement between Blackstone Valley Electric Company, Eastern Edison Company, Newport Electric Corporation and NRG Power Marketing, Inc., dated January 15, 1999.

10.21 Generating Plant and Gas Turbine Asset Purchase and Sale Agreement for the Arthur Kill generating plants and Astoria gas turbines by and between Consolidated Edison Company of New York, Inc., and NRG Energy, Inc., dated January 27, 1999.

10.22 Transition Energy Sales Agreement between Arthur Kill Power LLC and Consolidated Edison Company of New York, Inc., dated June 1, 1999.

10.23 Transition Power Purchase Agreement between Astoria Gas

Turbine Power LLC and Consolidated Edison Company of New York, Inc., dated June 1,1999.

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10.24	Transition Power Purchase Agreement between Niagara Mohawk Power Corporation and Huntley Power LLC, dated June 11, 1999.
10.25	Transition Power Purchase Agreement between Niagara Mohawk Power Corporation and Dunkirk Power LLC, dated June 11, 1999.
10.26	Power Purchase Agreement between Niagara Mohawk Power Corporation and Dunkirk Power LLC, dated June 11, 1999.
10.27	Power Purchase Agreement between Niagara Mohawk Power Corporation and Huntley Power LLC, dated June 11, 1999.
10.28	Amendment to the Asset Sales Agreement by and between Niagara Mohawk Power Corporation and NRG Energy, Inc., dated June 11, 1999.
10.29	Transition Capacity Agreement between Astoria Gas Turbine Power LLC and Consolidated Edison Company of New York, Inc., dated June 25, 1999.
10.30	Transition Capacity Agreement between Arthur Kill Power LLC and Consolidated Edison Company of New York, Inc., dated June 25, 1999.
10.31	First Amendment to the Employment Agreement of David H. Peterson, dated June 27, 1999.
10.32	Second Amendment to the Employment Agreement of David H. Peterson, dated August 26, 1999.
10.33	Third Amendment to the Employment Agreement of David H. Peterson, dated October 20, 1999.
10.34	[Swap] Master Agreement between Niagara Mohawk Power Corporation and NRG Power Marketing, Inc., dated June 11, 1999.
10.35	Standard Offer Service Wholesale Sales Agreement between the Connecticut Light And Power Company and NRG Power Marketing, Inc., dated October 29, 1999.
10.36	364-day Revolving Credit Agreement among the Company and The Financial Institutions party thereto, and ABN-AMRO Bank, N.V., as Agent, dated as of March 10, 2000.
23.1	Consent of PricewaterhouseCoopers LLP.
24	Power of Attorney (included on signature page).
27	Financial Data Schedule.
99.1	Financial Statements of "MIBRAG".
99.2	Financial Statements of "Saale" (upon amendment).
99.3	Financial Statements of "Sunshines".
99.4	Financial Statements of "West Coast Power".

(b) Reports on Form 8-K

On November 8, 1999, the Company filed a Form 8-K reporting under Item 5 -- Other Events.

> The Company announced that on November 3, 1999 a Prospectus Supplement, dated November 2, 1999 and accompanying Prospectus, dated April 7, 1999, relating to the offering of $240,000,000 principle amount of 8.0% Remarketable or Redeemable Securities (ROARS) was filed.

On November 16, 1999, the Company filed a Form 8-K reporting under Item 5 -- Other Events.

> The Company announced that on November 8, 1999 it had completed its $240,000,000 principle amount 8.0%

Remarketable or Redeemable Securities (ROARS) offering.

On December 28, 1999, the Company filed a Form 8-K reporting under Item 5 -- Other Events.

The Company announced that on December 15, 1999, it acquired certain generating stations totaling 2,235 MW of generating capacity located in Connecticut from Connecticut Light & Power Company of Hartford, Connecticut.

On March 30, 2000, the Company filed a Form 8-K reporting under

Item 5 -- Other Events.

The Company announced that as of March 29, 2000, The Board of Directors of Northern States Power Company approved the potential sale in a public offering by its wholly owned subsidiary, NRG Energy, Inc. of up to 18% interest in the common stock of NRG Energy.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 30, 2000.

NRG ENERGY, INC.

By: /s/ LEONARD A. BLUHM

Leonard A. Bluhm
Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints David H. Peterson and Leonard A. Bluhm, each or any of them, such person's true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for such person and in such person's name, place and stead, in any and all capacities, to sign any and all amendments to this report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as such person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant in the capacities indicated on March 30, 2000:

SIGNATURE	TITLE
/s/ DAVID H. PETERSON	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)

David H. Peterson	
/s/ LEONARD A. BLUHM Leonard A. Bluhm	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ DAVID E. RIPKA David E. Ripka	Controller (Principal Accounting Officer)
/s/ GARY R. JOHNSON Gary R. Johnson	Director
/s/ CYNTHIA L. LESHER Cynthia L. Lesher	Director
/s/ EDWARD J. MCINTYRE Edward J. McIntyre	Director

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT.

An annual report will be sent to security holders and will be supplementally filed with the Commission. Such annual report to security holders shall not be deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Securities Exchange Act of 1934. No proxy material will be sent to security holders.

EXHIBIT 4.5

EXECUTION COPY

NRG NORTHEAST GENERATING LLC,

the GUARANTORS party hereto

and

THE CHASE MANHATTAN BANK

as Trustee

INDENTURE

Dated as of February 22, 2000

Senior Secured Bonds

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Schedule B	Restrictive Agreements
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EXHIBITS:

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Exhibit B - Form of Subordination Provisions

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Cross-reference sheet showing the location in this Indenture of the provisions inserted pursuant to Sections 310 through 318, inclusive, of the Trust Indenture Act of 1939, as amended.

Trust Indenture Act Section	Indenture Section
Section 310(a)(1)	11.7
(a)(2)	11.7
(a)(3)	N/A
(a)(4)	N/A
(a)(5)	11.7
(b)	11.8
(c)	N/A
Section 311(a)	11.4
(b)	N/A
(c)	N/A
Section 312(a)	N/A
(b)	N/A
(c)	N/A
Section 313(a)	11.12
(b)	11.12
(c)	11.12
(d)	11.12
Section 314(a)	6.1
(b)(1)	N/A
(b)(2)	N/A
(c)(1)	1.2
(c)(2)	1.2
(c)(3)	N/A
(d)	N/A
(e)	1.2
(f)	N/A
Section 315(a)	11.1(j)
(b)	N/A
(c)	11.1(i)
(d)(1)	11.1(j)
(d)(2)	11.1(e)
(d)(3)	11.1(a); 11.1(e)
(e)	10.8
Section 316(a)(1)(A)	10.2; 10.11
(a)(l)(B)	10.12
(a)(2)	N/A
(b)	10.7
(c)	11.1(f)
Section 317(a)(1)	10.3
(a)(2)	10.3
(b)	11.11(c)
Section 318	1.6

7

INDENTURE dated as of February 22, 2000 among NRG Northeast Generating LLC, a Delaware limited liability company (the "Issuer"), the GUARANTORS party hereto and THE CHASE MANHATTAN BANK, a New York banking corporation, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer has duly authorized the creation of its bonds, debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Bonds") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture (as hereinafter defined); and the Issuer has duly authorized the execution and

delivery of this Indenture, to secure the Bonds and to provide for the authentication and delivery thereof by the Trustee; and

WHEREAS, all things necessary to make the Bonds, when executed by the Issuer and authenticated and delivered by the Trustee as in this Indenture provided, the valid, binding and legal obligations of the Issuer, and to constitute these presents a valid indenture and agreement according to its terms, have been done;

NOW, THEREFORE, that, for and in consideration of the premises and of the covenants herein contained and of the purchase of the Bonds by the holders thereof, it is mutually covenanted and agreed, for the benefit of the parties hereto and the equal and proportionate benefit of all Holders (as hereinafter defined) of the Bonds, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 Definitions; Construction. For all purposes of this Indenture (and for all purposes of any other Financing Document (as hereinafter defined) or any other instrument or agreement that incorporates provisions of this Indenture by reference), 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 that are defined in the Trust Indenture Act (as hereinafter defined), either directly or by reference therein, have the meanings assigned to them therein;

(3) except as otherwise expressly provided herein, (i) all accounting terms used herein shall be interpreted, (ii) all financial statements and all certificates and reports as to financial matters required to be delivered to the Trustee hereunder shall be prepared and (iii) all calculations made for the purposes of determining compliance with this

Indenture shall (except as otherwise expressly provided herein) be made in accordance with, or by application of, GAAP (as hereinafter defined);

(4) all references in this Indenture (including the Appendices and Schedules hereto) to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Indenture;

(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;

(6) unless the context clearly indicates otherwise, pronouns having a masculine or feminine gender shall be deemed to include the other;

(7) unless otherwise expressly specified, any agreement, contract or document defined or referred to herein shall mean such agreement, contract or document as in effect as of the date hereof, as the same may thereafter be amended, supplemented or otherwise modified from time to time in accordance with the terms of this Indenture and the other Financing Documents and shall include any agreement, contract, instrument or document in substitution or replacement of any of the foregoing entered into in accordance with the terms of this Indenture and the other Financing Documents;

(8) any reference to any Person (as hereinafter defined) shall include its permitted successors and assigns in accordance with the terms of this Indenture and the other Transaction Documents and, in the case of any Governmental Authority (as hereinafter defined), any Person succeeding to its functions and capacities;

(9) unless the context clearly requires otherwise, references to "Law" (as hereinafter defined) or to any particular Law shall include Laws or such particular Law as in effect at each, every and any of the times in question, including any amendments, replacements, supplements, extensions, modifications, consolidations, restatements, revisions or reenactments thereto or thereof, and whether or not in effect at the date of this Indenture; and

(10) unless the context clearly intends to the contrary, all references in this Indenture to "this Indenture", the "benefits of this Indenture", the "Lien of this Indenture", or phrases of similar import shall be deemed to include reference to the Collateral Documents (as hereinafter defined) to the extent that reference to the Collateral Documents is not expressly made.

"Acceptable Bank" means any commercial bank or other financial institution which (a) is organized under the laws of the United States of America, any state thereof or any other member of the Organization for Economic Cooperation and Development or Japan and has an office in the United States of America, (b) has capital, surplus and undivided profits of at least $1,000,000,000 and (c) has outstanding long-term unsecured indebtedness which is rated "A" or better by S&P and "A2" or better by Moody's (or an equivalent rating by another nationally recognized statistical rating organization of similar standing if neither such corporation is in the business of rating long-term unsecured bank indebtedness).

"Acceptable Guarantor" means (i) an Acceptable Bank or (ii) NRG Energy or any Affiliate of NRG Energy (except the Issuer or any of its Subsidiaries), provided that NRG Energy or such Affiliate is (a) organized under the laws of any state of the United States of America, (b) has an aggregate stockholders' equity of at least $250,000,000 and (c) has outstanding long-term unsecured, unguaranteed indebtedness which is rated "BBB-" or better by S&P and "Baa3" or better by Moody's.

"Acquisition Documents" means the Dunkirk/Huntley Acquisition Documents, the Somerset Acquisition Documents, the Con Ed Acquisition Documents, the Oswego Acquisition Documents or the CL&P Acquisition Documents or any combination thereof (as the context requires).

"Act" when used with respect to any Holder, shall have the meaning set forth in Section 12.1.

"Affected Property" means, with respect to any Event of Loss, the property of the Issuer or any of the Guarantors that is lost, destroyed,

damaged, condemned or otherwise taken as a result of such Event of Loss.

"Affiliate" with respect to any Person, means any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise. In any event, any member of the Issuer shall be deemed to be an Affiliate of the Issuer and any Person that owns directly or indirectly 10% or more of securities having ordinary voting power for the election of directors or other governing body of a corporation or 10% or more of the Issuer or other ownership interests of any other Person will be deemed to control such corporation or other Person.

"Arthur Kill Operator" means NRG Arthur Kill Operations Inc., a Delaware corporation.

"Arthur Kill Power" means Arthur Kill Power LLC, a Delaware limited liability company.

"Assignment of Payments" means each Assignment of Payments dated February 22, 2000 between the Issuer and each Guarantor party to a Power Marketing Agreement.

"Astoria Operator" means NRG Astoria Gas Turbine Operations Inc., a Delaware corporation.

"Astoria Power" means Astoria Gas Turbine Power LLC, a Delaware limited liability company.

"Authenticating Agent" means any Person acting as Authenticating Agent hereunder pursuant to Section 11.11.

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

"Authorized Representative" of any of the Issuer, the Guarantors or any other Person means the person or persons authorized to act on behalf of such entity by its chief executive officer, president, chief operating officer, chief financial officer or any vice president or its Board of Directors or any other governing body of such entity.

"Authorized Signatory" means any officer of the Trustee or any other individual who shall be duly authorized by appropriate corporate action on the part of the Trustee to authenticate Bonds.

"Board of Directors", when used with respect to a corporation, means either the board of directors of such corporation or any committee of that board duly authorized to act for it, and when used with respect to a limited liability company, partnership or other entity other than a corporation, any Person or body authorized by the organizational documents or by the voting equity owners of such entity to act for them.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Issuer to have been adopted by

the Board of Directors of the Issuer and to be in full force and effect on the date of such certification.

"Bonds" shall have the meaning set forth in the preamble to this Indenture.

"Business Day" means a day which is neither a legal holiday nor a day on which banking institutions (including, without limitation, the members of the Federal Reserve System) are authorized or required by law, regulation or executive order to close in The City of New York or the city of Minneapolis, Minnesota.

"Change of Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record or otherwise, by any Person or group (within the meaning of the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof) other than NRG Energy or its wholly-owned Subsidiaries, of ownership interests representing more than 50% of the aggregate ordinary voting power represented by the membership interests of the Issuer; or (b) the acquisition of direct or indirect control of the Issuer by any Person or group other than NRG Energy or its wholly-owned Subsidiaries otherwise than as described in clause (a); provided that there shall be no Change of Control if either (i) after the occurrence of either of the events referred to in clause (a) or (b) above, the Rating Agencies shall have confirmed their respective ratings of the Bonds in effect immediately prior to the occurrence of such events or (ii) holders of not less than 66K% in aggregate principal amount of the Outstanding Bonds approve the occurrence of such event.

"CL&P" means Connecticut Light & Power Company, a Connecticut corporation.

"CL&P Acquisition Documents" means the Asset Sales Agreement between NRG Energy and CL&P dated as of July 1, 1999 and each of the other agreements attached as a form thereto.

"Closing Date" means February 22, 2000, the date on which the Initial Bonds are first issued and sold hereunder.

"Collateral" means all property and interests in property now owned or hereafter acquired in or upon which a Lien has been or is purported or intended to have been granted to the Trustee pursuant to the Collateral Documents.

"Collateral Agency and Intercreditor Agreement" means the Collateral Agency and Intercreditor Agreement dated as of February 22, 2000 among the Issuer, the Initial Guarantors, the Working Capital Agent, the Trustee and the Collateral Agent.

"Collateral Agent" means The Chase Manhattan Bank, solely in its capacity as collateral agent under the Collateral Agency and Intercreditor Agreement.

"Collateral Documents" means the Security Agreement, the NRG Power Marketing Security Agreement, the Collateral Agency and Intercreditor Agreement, the Consent and Agreements and the Intercompany Notes.

"Con Ed Acquisition Documents" means the Generating Plant and Gas Turbine Asset Purchase and Sale Agreement dated as of January 27, 1999 between NRG Energy and Consolidated Edison Company of New York, Inc. and each of the other agreements attached as a form thereto.

"Connecticut Jet Power" means Connecticut Jet Power LLC, a Delaware limited liability company.

"Consent and Agreements" means, collectively, (a) the consent and agreement dated February 22, 2000 among Niagra Mohawk Power Corporation, Dunkirk Power, Huntley Power and Oswego Power, (b) the consent and agreement dated February 22, 2000 among Consolidated Edison Company of New York, Inc., Arthur Kill Power and Astoria Power, (c) the consent and agreement dated February 22, 2000 among Eastern Edison Company, Blackstone Valley Electric Company, Newport Electric Corporation and NRG Power Marketing and (d) the consent and agreement dated February 22, 2000 between CL&P and NRG Power Marketing.

"Corporate Services Agreement" means (a) the Corporate Services Agreement between NRG Energy and Astoria Power dated June 25, 1999, (b) the Corporate Services Agreement between NRG Energy and Arthur Kill Power dated June 25, 1999, (c) the Corporate Services Agreement between NRG Energy and Dunkirk Power dated June 11, 1999, (d) the Corporate Services Agreement between NRG Energy and Huntley Power dated June 11, 1999, (e) the Amended and Restated Corporate Services Agreement between NRG Energy and Somerset Power dated July 15, 1999, (f) the Corporate Services Agreement between NRG Energy and Oswego Harbor Power dated October 22, 1999, (g) the Corporate Services Agreement between NRG Energy and Connecticut Jet Power dated December 15, 1999, (h) the Corporate Services Agreement between NRG Energy and Devon Power dated December 15, 1999, (i) the Corporate Services Agreement between NRG Energy and Middletown Power dated December 15, 1999, (j) the Corporate Services Agreement between NRG Energy and Montville Power dated December 15, 1999 and (k) the Corporate Services Agreement between NRG

Energy and Norwalk Power dated December 15, 1999, or any combination thereof (as the context requires).

"Corporate Trust Office" means the principal office of the Trustee or Security Registrar at which the corporate trust business of the Trustee or Security Registrar, as the case may be, shall at any particular time be principally administered, which at the time of the execution of this Indenture is, in each case, located at 450 W. 33rd Street, New York, New York 10001, Attention: Capital Markets Fiduciary Services.

"Covenant Defeasance" has the meaning set forth in Section 16.1.

"Custodian" has the meaning set forth in Section 2.5.

"Debt Service Coverage Ratio" for any period means, on a consolidated basis of the Issuer and the Guarantors (excluding the Unrestricted Subsidiaries and without duplication), the ratio of, (x) all Revenues less Operating Expenses (other than nonrecurring expenses in connection with the issuance of Permitted Indebtedness), less all capital expenditures (unless funded with Permitted Indebtedness), to (y) the aggregate of principal, interest and fees payable on the Outstanding Bonds and all other Permitted Indebtedness (other than Subordinated Indebtedness, fees payable in connection with the issuance of Permitted Indebtedness and principal payments under the Working Capital Facility, provided that such amounts remain available to be drawn under the Working Capital Facility or are refinanced under a replacement Working Capital Facility) plus payments required to be made under any Interest Rate Agreements, less payments to be received under any Interest Rate Agreement for such period.

"Debt Service Reserve Account" has the meaning set forth in Section 4.1.

"Debt Service Reserve Amount" means, as of any date of determination, the aggregate amount of cash on deposit in the Debt Service Reserve Account, plus the aggregate fair market value of all Permitted Investments on deposit therein at such time, plus the amount available to be drawn or demanded under all Debt Service Reserve Support Instruments credited to such account at such time.

"Debt Service Reserve Guarantee" means a guarantee of an Acceptable Guarantor executed and delivered to the Trustee to support the obligations of the Issuer hereunder with respect to all or a part of the Issuer's obligation to fund the Debt Service Reserve Account and permitting demands for payment thereunder as contemplated by Section 4.1, in each case:

(i) in substantially the form attached hereto as Exhibit A;

(ii) with a term ending no earlier than the termination or satisfaction and discharge of this Indenture; and

(iii) providing for the amount thereof to be made available in full to the Trustee in multiple payments upon the demand of the Trustee.

"Debt Service Reserve Letter of Credit" means one or more irrevocable direct pay letters of credit available for the purpose of drawing to pay principal and interest on the Bonds in an amount up to the Debt Service Reserve Requirement and any extensions thereof or any substitute letter of credit therefor in the stated amount contained in such extension or substitute and permitting draws thereon as contemplated by Section 4.1, in each case:

(i) issued to the Trustee (for the benefit of the Holders) by an Acceptable Bank;

(ii) expiring not earlier than the latest to occur of (a) the date on which the stated amount thereof is drawn down to zero, (b) the date on which the Trustee returns the letter of credit to the issuer thereof for cancellation and (c) the maturity of any of the Guaranteed Obligations;

(iii) providing for the amount thereof to be made available in full to the Trustee in multiple drawings conditioned only upon the presentation of a sight draft accompanied by the applicable certificate in the form attached to such letter of credit; and

(iv) with respect to which the Issuer certifies in an Officer's Certificate that such Letter of Credit does not constitute Indebtedness of the Issuer and is not secured by a Lien on any of the property of the Issuer.

"Debt Service Reserve Requirement" means, at any date of determination, the sum of the Required Amounts for all series of Bonds then Outstanding.

"Debt Service Reserve Shortfall" means, as at any date of determination, the excess of the Debt Service Reserve Requirement over the Debt Service Reserve Amount as at such date, if any.

"Debt Service Reserve Support Instrument" means one or more Debt Service Reserve Guarantees or one or more Debt Service Reserve Letters of Credit or both (as the context requires).

"Default" means an event or condition that, with the giving of notice, lapse of time or failure to satisfy certain specified conditions, or any combination thereof, would become an Event of Default if not cured or remedied.

"Designation Letter" has the meaning given to such term in the Collateral Agency and Intercreditor Agreement.

"Devon Operator" means NRG Devon Operations Inc., a Delaware corporation.

"Devon Power" means Devon Power LLC, a Delaware limited liability company.

"Distribution Compliance Period" means, with regard to Bonds of any series offered and sold in their initial distribution outside the United States in reliance on Regulation S, the period of 40 consecutive days beginning on the later of (i) the date on which the Bonds of such series are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S (according to a written notice to the Trustee by the initial purchasers

thereof) and (ii) the date on which the same such Bonds are initially issued, authenticated and sold.

"Dunkirk Operator" means NRG Dunkirk Operations Inc., a Delaware corporation.

"Dunkirk Power" means Dunkirk Power LLC, a Delaware limited liability company.

"Dunkirk/Huntley Acquisition Documents" means the Asset Sales Agreement between NRG Energy and Niagara Mohawk Power Corporation dated as of December 23, 1998 and each of the other agreements attached as a form thereto.

"Environmental Approvals" means Governmental Approvals required under applicable Environmental Laws.

"Environmental Laws" means any and all Laws (as well as obligations, duties and requirements relating thereto under common law) relating to: (i) noise, emissions, discharges, spills, releases or threatened releases of pollutants, contaminants, environmentally regulated materials, materials containing environmentally regulated materials, or hazardous or toxic materials or wastes into ambient air, surface water, groundwater, watercourses, publicly or privately-owned treatment works, drains, sewer systems, wetlands, septic systems or onto land surface or subsurface strata; (ii) the use, treatment, storage, disposal, handling, manufacture, processing, distribution, transportation, or shipment of environmentally regulated materials, materials containing environmentally regulated materials or hazardous and/or toxic wastes, material, products or by-products (or of equipment or apparatus containing environmentally regulated materials); (iii) pollution or the protection of human health, the environment or natural resources or (iv) zoning and land use.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

"Event of Default" means any event or condition specified as such in Section 10.1 hereof that shall have continued for the applicable period

of time, if any, therein designated.

"Event of Eminent Domain" means any compulsory transfer or taking or transfer under threat of compulsory transfer or taking of any material part of the collateral by any Governmental Authority.

"Event of Loss" means an event which causes all or a portion of any Facility to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever including, but not limited to, an Event of Eminent Domain.

"Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect from time to time.

"Facilities" means the electric generation plants and the related facilities and equipment owned by the Initial Guarantors and any Subsequent Guarantors and, in each case, the business and activities related thereto.

"Federal Bankruptcy Code" means Title 11 of the United States Code, as amended and in effect from time to time.

"Financing Documents" means this Indenture, any Series Supplemental Indenture the Bonds, the Collateral Documents and the Registration Rights Agreement.

"First Series Supplemental Indenture" means the First Supplemental Indenture dated as of February 22, 2000 among the Trustee, the Issuer and the Guarantors.

"Funds Administration Agreement" means the Funds Administration Agreement dated February 22, 2000 among the Issuer and each of the Guarantors.

"GAAP" means generally accepted accounting principles in effect in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of the Issuer's audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"Global Bonds" means a Bond in global form that evidences all or part of the Bonds and is authenticated and delivered to, and registered in the name of, the Registered Depositary for such securities or a nominee thereof.

"Good Faith Contest" means the contest of an item if such item is diligently contested in good faith by appropriate proceedings timely instituted and (a) adequate reserves are established if required by and in accordance with GAAP with respect to the contested item and held in cash or investments and (b) during the period of such contest the enforcement of any contested item is effectively stayed.

"Governmental Approvals" means any authorization, consent, approval, order, license, franchise, ruling, permit, certification, waiver, exemption, filing or registration by or with any Governmental Authority (including, without limitation, Environmental Approvals, zoning variances, special exceptions and non-conforming uses) relating to the construction,

ownership, operation or maintenance of the Facilities or to the execution, delivery or performance of any Transaction Document.

"Governmental Authority" means any nation, state, sovereign or government, any federal, regional, state, municipal, local or political subdivision thereof or any department, commission, board, bureau, agency, instrumentality, judicial or administrative body or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranteed Obligations" has the meaning set forth in Section 5.1.

"Guarantor" means each of the Initial Guarantors and any Subsequent Guarantor.

"Guarantee" means, with respect to any Person, any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing in any manner any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of Issuer arrangements, by agreement to keep-well, to purchase assets, goods, bonds or services, to take-or-pay, or to maintain financial statement conditions or otherwise), (ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (iii) to reimburse any Person for the payment by such Person under any letter of credit, surety, bond or other guaranty issued for the benefit of such other Person, provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" or "Guaranteed" used as a verb has a correlative meaning.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement entered into in the ordinary course of business and not for speculative purposes.

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

"Huntley Operator" means NRG Huntley Operations Inc., a Delaware corporation.

"Huntley Power" means Huntley Power LLC, a Delaware limited liability company.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person upon which interest charges are customarily paid, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding trade and other accounts payable incurred in the ordinary course of business so long as such trade accounts payable are payable and paid within 90 days of the date the respective goods are delivered or the respective services rendered), (f) all

Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Indebtedness of any other Person guaranteed by such person or for which such Person shall otherwise (including payments pursuant to any keep-well, make-well or similar arrangement) become directly or indirectly liable, (h) all capital lease obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party or issuer in respect of letters of credit

or the like and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity

(including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnification Agreement" means the indemnification agreement dated December 23, 1999 by NRG Energy in favor of The Chase Manhattan Bank and Citibank, N.A. as Lender Representatives (as defined therein) and the Indemnified Parties (as defined therein).

"Indemnification Consent Agreement" means the Indemnification Consent Agreement dated February 22, 2000 among NRG Energy, the Issuer, the Initial Purchasers, the Trustee and the Collateral Agent.

"Indenture" means this instrument entered into by the Issuer, the Guarantors and the Trustee.

"Initial Bonds" means the Bonds issued by the Issuer on the Closing Date under the First Series Supplemental Indenture.

"Initial Guarantors" means each of Arthur Kill Power, Astoria Power, Connecticut Jet Power, Devon Power, Dunkirk Power, Huntley Power, Middletown Power, Montville Power, Norwalk Power, Oswego Harbor Power and Somerset Power.

"Initial Purchasers" means Chase Securities, Inc., Salomon Smith Barney Inc., ABN AMRO Incorporated, CIBC World Markets and Dresdner Kleinwort Benson N.A. LLC as the initial purchasers of the Initial Bonds.

"Intercompany Loan" means Indebtedness to the Issuer or any Guarantor by the Issuer or any Guarantor.

"Intercompany Notes" means the notes evidencing indebtedness owed by the Guarantors to the Issuer dated February 22, 2000.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future, interest rate option, interest rate swap, interest rate cap or other interest rate hedge arrangement, to which the Issuer or any Guarantor is a party, entered into in the ordinary course of business in connection with Permitted Indebtedness and not for speculative purposes.

"Investment" means, for any Person: (i) the acquisition (whether for cash, property of such Person, services or securities or otherwise) of capital stock, bonds, notes, debentures or other ownership interests or other

securities of any other Person or any agreement to make any such acquisition (including, without limitation, any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale), (ii) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an

understanding or agreement, contingent or otherwise, to resell such property to such Person, but excluding any such advance, loan or extension of credit arising in connection with the sale of inventory or supplies by such Person in the ordinary course of business), (iii) the entering into of any Guarantee of, or any other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person or (iv) the entering into of any Hedging Agreement.

"Issuer" has the meaning set forth in the preamble to this Indenture.

"Issuer Order" means, respectively, a written request or order signed in the name of the Issuer by one of its Authorized Representatives, and by its treasurer, secretary, or one of its assistant treasurers or assistant secretaries.

"Issuer's Obligations" has the meaning set forth in Section 17.1.

"Law" means any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, holding, injunction, Governmental Approval, consent or other requirement of any Governmental Authority, enforceable at law or in equity, along with the interpretation and administration thereof by any Governmental Authority charged with the interpretation or administration thereof.

"Legal Defeasance" has the meaning set forth in Section 16.1.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loss Proceeds" means all insurance proceeds or other amounts received on account of any Event of Loss.

"Majority Holders" means the holders of more than 50% in aggregate principal amount of (i) the Bonds then Outstanding or (ii) the Outstanding Bonds of the applicable series, as the case may be.

"Mandatory Redemption Account" has the meaning given to such term in Section 8.2.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of the Issuer and the Guarantors taken as a whole, (b) the ability of any Obligor to perform any of its obligations under any Transaction Document to

which it is a party, which obligations are material to the Issuer and the Guarantors, taken as a whole, or (c) the material rights of or benefits available to the Holders or the Trustee, as representative of the Holders.

"Member" means each of NRG Eastern LLC and Northeast Generation Holding LLC, which are at the date of this Indenture the sole holders of an equity interest in the Issuer, and any future members or equity holders of the Issuer.

"Middletown Operator" means NRG Middletown Operations Inc., a Delaware corporation.

"Middletown Power" means Middletown Power LLC, a Delaware limited liability company.

"Montville Operator" means NRG Montville Operations Inc., a Delaware corporation.

"Montville Power" means Montville Power LLC, a Delaware limited liability company.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Non-Recourse Obligations" means Indebtedness or other obligations or liabilities (i) as to which neither the Issuer nor any of the Guarantors (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) (b) is directly or indirectly liable (as a guarantor or otherwise) other than pursuant to a pledge by the Issuer of an equity interest in the obligor of the Indebtedness or (c) constitutes the lender and (ii) no default with respect to which (including any rights any Person may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any Indebtedness of the Issuer or any of Guarantor to declare a default on such Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity.

"Norwalk Power" means Norwalk Power LLC, a Delaware limited liability company.

"Norwalk Operator" means NRG Norwalk Harbor Operations Inc., a Delaware corporation.

"NRG Energy" means NRG Energy, Inc., a Delaware corporation.

"NRG Operations" means NRG Operating Services, Inc., a Delaware corporation.

"NRG Power Marketing" means NRG Power Marketing Inc., a Delaware corporation.

"NRG Power Marketing Security Agreement" means the NRG Power Marketing Security Agreement dated February 22, 2000 between NRG Power Marketing, Inc. and the Collateral Agent.

"Obligations" shall have the meaning set forth in Section 16.2.

"Obligor" means the Issuer and each Guarantor.

"Officer's Certificate" means, in the case of the Issuer, a certificate of an Authorized Representative of the Issuer and signed by a managing director, president, a vice president, the treasurer, an assistant treasurer, the secretary or an assistant secretary of the Issuer.

"Operating Expenses" means for any period, the sum, computed without duplication, of all costs and expenses incurred (in the case of the Issuer) by the Issuer or (in the case of any Guarantor) by such Guarantor during such period (or, in the case of any future period, projected to be paid or payable during such period) in connection with the operation, maintenance and administration of the Facilities.

"Operation and Maintenance Agreement" means (a) the Operation and Maintenance Agreement dated June 25, 1999 between the Astoria Operator and Astoria Power, (b) the Operation and Maintenance Agreement dated June 25, 1999 between the Arthur Kill Operator and Arthur Kill Power, (c) the Operation and Maintenance Agreement dated December 15, 1999 between the Middletown Operator and Connecticut Jet Power, (d) the Operation and Maintenance Agreement dated December 15, 1999 between the Devon Operator and Devon Power, (e) the Operation and Maintenance Agreement dated June 11, 1999 between the Dunkirk Operator and Dunkirk Power, (f) the Operation and Maintenance Agreement dated June 11, 1999 between the Huntley Operator and Huntley Power, (g) the Operation and Maintenance Agreement dated December 15, 1999 between the Middletown Operator and Middletown Power, (h) the Operation and Maintenance Agreement dated December 15, 1999 between the Montville Operator and Montville Power, (i) the Operation and Maintenance Agreement dated December 15, 1999 between the Norwalk Operator and Norwalk Power, (j) the Operation and Maintenance Agreement dated October 22, 1999 between the Oswego Operator and Oswego Harbor Power and (k) the Amended and Restated Operation and Maintenance Agreement dated July 15, 1999 between the Somerset Operator and Somerset Power and any successor or replacement agreements, or any combination thereof (as the context requires).

"Operator" means the Arthur Kill Operator, the Astoria Operator, the Connecticut Jet Operator, the Devon Operator, the Dunkirk Operator, the Huntley Operator, the Middletown Operator, the Montville Operator, the Norwalk Operator, the Oswego Operator or the Somerset Operator, or any combination thereof (as the context requires).

"Opinion of Counsel" means a written opinion of counsel for any Person either expressly referred to herein or otherwise reasonably satisfactory to the Trustee which may include, without limitation, counsel for the Issuer, whether or not such counsel is an employee of the Issuer.

"Oswego Acquisition Documents" means the Asset Sales Agreement dated as of April 1, 1999 between NRG Energy, Niagara Mohawk Power Corporation, Rochester Gas and Electric Corporation and Oswego Harbor Power and each of the other agreements attached as a form thereto.

"Oswego Harbor Power" means Oswego Harbor Power LLC, a Delaware limited liability company.

"Oswego Operator" means NRG Oswego Harbor Power Operations Inc., a Delaware corporation.

"Outstanding", when used with respect to Bonds or any principal amount thereof, means, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose redemption money in the necessary amount has been theretofore deposited in trust with the Trustee; provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been duly given pursuant to Article 8 or provision therefor satisfactory to the Trustee has been made;

(iii) Bonds or portions thereof deemed to have been paid within the meaning of Section 14.1;

(iv) Bonds as to which defeasance has been effected pursuant to Article 16; and

(v) Bonds which have been paid pursuant to Section 2.9 or that have been exchanged for other Bonds or Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture other than any Bonds in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Bonds are held by a bona fide purchaser in whose hands such Bonds constitute valid obligations of the Issuer;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Bonds of any series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Issuer or any of its Subsidiaries or any Affiliate of the Issuer or any of its Subsidiaries 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, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds 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 to act with respect to such Bonds and that the pledgee is not the Issuer or a Subsidiary or any Affiliate of the Issuer or any Subsidiary.

"Paying Agent" means any Person acting as Paying Agent hereunder pursuant to Section 11.11.

"Permitted Indebtedness" means (a) the Bonds; (b) Indebtedness, provided, that after giving effect to the incurrence of such Indebtedness on a pro forma basis and the application of the net proceeds thereof (A) there is no current Default or Event of Default unless the proceeds of such Indebtedness are applied to cure, and such application does cure, such Default or Event of Default; and (B) the Issuer provides an Officer's Certificate that certifies that (x) the minimum annual Projected Debt Service Coverage Ratio for each calendar year commencing with the year in which such Indebtedness is incurred through the final maturity of

the Bonds with the longest maturity is no less than 2.00 to 1; and (y) the Debt Service Coverage Ratio for the preceding four consecutive fiscal quarters (taken as a whole) was not less than 2.00 to 1 (or such shorter period covering the

quarters ended subsequent to the issuance of the Bonds); and (C) each of the Rating Agencies confirms its then current rating on the Bonds; (c) Indebtedness for working capital purposes not to exceed in the aggregate the sum of $50,000,000 plus, upon the acquisition of any Subsequent Guarantor or any additional facility by a Guarantor or the Issuer, 4% of the Indebtedness incurred by the Issuer in connection with such acquisition; (d) Indebtedness related to Permitted Liens; (e) Indebtedness of the Issuer to a Guarantor; (f) Indebtedness represented by Hedging Agreements; (g) Indebtedness in the form of performance or payment guarantees entered into by the Issuer in the ordinary course of business in connection with (i) fuel procurement by NRG Power Marketing directly related to the Facilities, (ii) sales or purchases of emissions allowances by NRG Power Marketing directly related to the facilities and (iii) sales of electrical generating capacity, energy or ancillary services by NRG Power Marketing directly related to the Facilities in each case, so long as such activities are not for speculative purposes; (h) Indebtedness in respect of letters of credit, surety bonds or performance bonds issued in the ordinary course of business; (i) trade accounts payable or other similar indebtedness arising, and accrued expenses incurred, in the ordinary course of business (but not in any case for borrowed money) (j) other Senior Debt not to exceed $15,000,000; and (k) Subordinated Indebtedness, provided, that no such Permitted Indebtedness shall be secured by the Collateral unless the lender or lenders thereof or its or their representative shall have executed, and been designated a "Secured Party" pursuant to, a Designation Letter delivered to the Collateral Agent.

"Permitted Investments" means investments in securities or other instruments that are: (i) direct obligations of the United States, or any agency thereof; (ii) obligations fully guaranteed by the United States or any agency thereof; (iii) certificates of deposit issued by commercial banks under the laws of the United States or any political subdivision thereof or under the laws of Canada, Japan or any country that is a member of the European Economic Union having a combined capital and surplus of at least $500,000,000 and having long-term unsecured debt securities rated "A" or better by S&P and "A2" or better by Moody's (but at the time of investment not more than $25,000,000 may be invested in such certificates of deposit from any one bank); (iv) repurchase obligations for underlying securities of the types described in clauses (i) and (ii) above, entered into with any commercial bank meeting the qualifications specified in clause (iii) above or any other financial institution having long-term unsecured debt securities rated "A" or better by S&P and "A2" or better by Moody's in connection with which such underlying securities are held in trust or by a third-party custodian; (v) open market commercial paper of any corporation incorporated or doing business under the laws of the United States or of any political subdivision thereof having a rating of at least "A-1" from S&P and "P-1" from Moody's (but at the time of investment not more than $25,000,000 may be invested in such commercial paper from any one company); (vi) investments in money market funds having a rating assigned by each of the Rating Agencies equal to the highest rating assigned thereby to money market funds or money market mutual funds sponsored by any securities broker dealer of recognized national standing (or an Affiliate thereof), having an investment policy that requires substantially all the invested assets of such fund to be invested in investments described in any one or more of the foregoing clauses and having a rating of "A" or better by S&P and "A2" or better by Moody's (including money market funds or money market mutual funds for which the Trustee in its individual capacity or any of its affiliates is investment manager or adviser) or

(vii) a deposit of any bank (including the Trustee), trust company or financial institution authorized to engage in the banking business having a combined capital and surplus of at least US$500,000,000, whose long-term, unsecured debt is rated "A" or higher by S&P and "A2" of higher by Moody's.

"Permitted Liens" means:

(a) Liens in favor of the Issuer or any Guarantor;

(b) Liens imposed by law for taxes, assessments or governmental charges that are not yet delinquent and remain payable without penalty or that are being contested in good faith by appropriate proceedings;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 45 days or are being contested in good faith by appropriate proceedings;

(d) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations or other statutory obligations of the Issuer or any Guarantor;

(e) cash deposits or rights of set-off to secure the performance of bids, tenders, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, government contracts and other obligations of a like nature (other than for payment obligations of borrowed money), in each case in the ordinary course of business;

(f) judgment liens in respect of judgments that do not give rise to an Event of Default under clause (g) of Section 10.1;

(g) encumbrances identified on Schedule A hereto, and other easements, zoning restrictions, rights-of-way and similar charges or encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Issuer or any Guarantor;

(h) Liens securing Hedging Agreements which Hedging Agreements relate to Indebtedness that is secured by Liens otherwise permitted under this Indenture;

(i) Liens that are incidental to the business of the Issuer or the Guarantors, are not for borrowing money and are not material, taken as a whole, to the business of the Issuer and the Guarantors;

(j) Liens created or granted pursuant to the Collateral Documents; and

(k) Liens with respect to other Permitted Indebtedness (other than Subordinated Indebtedness), provided that the Bonds are secured on an equal and ratable basis with the obligation so secured until such obligation is no longer secured.

"Person" means any individual, sole proprietorship, corporation, company, partnership, joint venture, limited liability company, trust, unincorporated association, institution, Governmental Authority or any other entity.

"Place of Payment", when used with respect to the Bonds of any series means the office or agency maintained pursuant to Section 11.11 and such other place or places, if any, where the principal of, and premium, if any, and interest on the Bonds of such series are payable as specified herein or in any Series Supplemental Indenture setting forth the terms of the Bonds of such series.

"Power Sales Agreement" means each transition agreement and each other contract or agreement, other than Power Marketing Agreements, now existing or entered into in the future by the Issuer or any of the Guarantors for the sale of electrical generating capacity, electrical energy, ancillary services or any combination thereof.

"Power Marketing Agreement" means (a) the Power Sales and Agency Agreement dated June 25, 1999 between NRG Power Marketing and Astoria Power, (b) the Power Sales and Agency Agreement dated June 25, 1999 between NRG Power Marketing and Arthur Kill Power, (c) the Power Sales and Agency Agreement dated December 15, 1999 between NRG Power Marketing and Connecticut Jet Power, (d) the Power Sales and Agency Agreement dated December 15, 1999 between NRG Power Marketing and Devon Power, (e) the Power Sales and Agency Agreement dated June 11, 1999 between NRG Power Marketing and Dunkirk Power, (f) the Power Sales and Agency Agreement dated June 11, 1999 between NRG Power Marketing and Huntley Power, (g) the Power Sales and Agency Agreement dated December 15, 1999 between NRG Power Marketing and Middletown Power, (h) the Power Sales and Agency Agreement dated December 15, 1999 between NRG Power Marketing and Montville Power, (i) the Power Sales and Agency Agreement dated December 15, 1999 between NRG Power Marketing and Norwalk Power, (j) the Power Sales and Agency Agreement dated October 22, 1999 between NRG Power Marketing and Oswego Harbor Power and (k) the Amended and Restated Power Sales and Agency Agreement dated July 15, 1999 between NRG Power Marketing and Somerset Power, or any combination thereof (as the context requires).

"Predecessor Bonds", with respect to any particular Bond, means any previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; for the purposes of this definition, any Bond authenticated and delivered under Section 2.9 in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Projected Debt Service Coverage Ratio" means, at any time of determination thereof, a projection of the Debt Service Coverage Ratio over the period specified, prepared by the Issuer in good faith based upon assumptions consistent in all material respects with the Transaction Documents, historical operating results, if any, and the Issuer's good faith projections of future Revenues and Operating Expenses of the Issuer and the Guarantors in light of the then existing or reasonably expected regulatory and market environments in the markets in which the Facilities are or will be operated and upon the assumption that no early redemption or prepayment of the Bonds of any series will be made prior to the stated maturity of such series of Bonds. Whenever this Indenture provides for the determination of a Projected Debt Service

Coverage Ratio, the Projected Debt Service Coverage Ratio shall be set forth in an Officer's Certificate of the Issuer filed with the Trustee stating that, based upon reasonable investigation and review, the Projected Debt Service Coverage Ratio is based on the criteria set forth in the preceding sentence.

"Prudent Industry Practice" means any of those practices, methods, standards and acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric power

generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices generally conform to applicable law and governmental approvals. "Prudent Industry Practice" is not intended to be limited to optimal practices that could be used to accomplish a desired result.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended and in effect from time to time.

"Rating Agencies" means S&P and Moody's, or another nationally recognized credit rating agency of similar standing if either of the foregoing corporations is not in the business of rating the subject of such rating.

"Redemption Date" has the meaning set forth in Section 8.2.

"Redemption Price" means, with respect to any Bond Outstanding on any Redemption Date, an amount equal to the principal of such Bond Outstanding on such date, plus interest accrued and unpaid to but excluding such Redemption Date.

"Registered Depositary" means The Depository Trust Company, having a principal office at 55 Water Street, New York, New York 10041-0099, together with any Person succeeding thereto by merger, consolidation or acquisition of all or substantially all of its assets, including substantially all of its securities payment and transfer operations.

"Registration Rights Agreement" means the Registration Rights Agreement dated February 15, 2000 among the Issuer, the Guarantors and the Initial Purchasers.

"Regular Record Date", for any Bond of a series for the Scheduled Payment Date of any installment of principal thereof or payment of interest thereon, means the 16th day (whether or not a Business Day) next preceding such Scheduled Payment Date, or any other date specified for such purpose in the form of Bond of such series attached to the Series Supplemental Indenture relating to the Bonds of such series.

"Regulation S" means Regulation S promulgated under the Securities Act, as amended and in effect from time to time.

"Related Person" has the meaning set forth in Section 17.1.

"Required Amount" means, at the time of determination with respect to the Bonds of any series, all principal of and interest on such series projected to be payable on the next Scheduled Payment Date for such series of Bonds.

"Responsible Officer", when used with respect to the Trustee, means any officer in the Corporate Trust Office (or any successor group of the Trustee) including any vice president, assistant vice president, assistant secretary, assistant treasurer or any other officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge and familiarity with the particular subject.

"Restricted Payments" means (i) membership distributions by or distributions in respect of any equity interest in the Issuer or any Guarantor (in cash, securities, property or obligations) on, or (ii) any payments or distributions on account of, payments of interest on or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement or other acquisition of, (a) Subordinated Indebtedness or (b) any portion of any membership interest or equity interest in the Issuer or such Guarantor or of any warrants, options or other rights to acquire any such membership interest or equity interest (or to make any payments to any Person, such as "phantom stock" payments, where the amount thereof is calculated with reference to fair market or equity value of the Issuer or any Guarantor), provided that distributions or other payments by a Guarantor to the Issuer will not constitute Restricted Payments.

"Revenues" means, with respect to the Issuer or any Guarantor, for any period, the sum of: (i) all revenues of the Issuer or any Guarantor in respect of its operations under any contract or agreement or otherwise including amounts received pursuant to Hedging Agreements (other than Interest Rate Agreements).

"S&P" means Standard & Poor's Ratings Group or any successor thereto.

"Scheduled Payment Date" means, with respect to any Bond of a series or any installment of principal thereof or payment of interest thereon, the date specified in such Bond (or in the Series Supplemental Indenture relating to such Series) as the fixed date on which such Bond or such installment of principal or payment of interest is due and payable.

"SEC" means the Securities and Exchange Commission of the United States.

"Secured Parties" has the meaning given to such term in the Collateral Agency and Intercreditor Agreement.

"Securities Act" means the Securities Act of 1933, as amended and in effect from time to time.

"Security Agreement" means the Security Agreement dated as of February 22, 2000 among the Issuer, the Guarantors and the Trustee.

"Security Register" has the meaning set forth in Section 2.8.

"Security Registrar" means any Person acting as Security Registrar pursuant to Sections 2.8 and 11.11.

"Senior Debt" means the Issuer's Indebtedness under the Bonds or any other Indebtedness of the Issuer that ranks pari passu with the Bonds.

"Series Supplemental Indenture" means any indenture supplemental to this Indenture entered into by the Issuer, the Guarantors and the Trustee which establishes, in accordance with this Indenture, the title, form and terms of the Bonds of any series; and "Series Supplemental Indentures" means each and every Series Supplemental Indenture.

"Somerset Acquisition Documents" means the Asset Purchase Agreement between NRG Energy and Montaup Electric Company dated as of October 13, 1998 and each of the agreements attached as a form thereto.

"Somerset Operator" means Somerset Operations Inc., a Delaware corporation.

"Somerset Power" means Somerset Power LLC, a Delaware limited liability company.

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

"Subordinated Indebtedness" means any Indebtedness of the Issuer that is (a) payable solely and exclusively from the funds that would otherwise have been available to make Restricted Payments from the Issuer or any Guarantor, (b) fully subordinated in all rights and remedies to Senior Debt on terms substantially similar to the subordination provisions set forth in Exhibit B and (c) unsecured.

"Subsequent Guarantor" means any Subsidiary of the Issuer, other than an Initial Guarantor, that the Issuer designates as a Guarantor subsequent to the Closing Date.

"Subsidiary" means, with respect to any Person, (i) any corporation 50% or more of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person, directly or indirectly through Subsidiaries, and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person, directly or indirectly through Subsidiaries, has a 50% or greater equity interest at the time.

"Taxes" means, with respect any Person, any tax (whether income, gross receipts, documentary, sales, stamp, registration, issue, capital, property, excise or otherwise), duty, levy, impost, fee, charge or withholding directly or indirectly imposed, assessed, levied or collected by or for the account of any Governmental Authority.

"Transaction Documents" means the Financing Documents, the Power Sales Agreements, the Power Marketing Agreements, the Operation and Maintenance Agreements, the

Corporate Services Agreements, the Funds Administration Agreement and the Assignment of Payments.

"Transactions" means the execution, delivery and performance by each Obligor of this Indenture and the other Transaction Documents to which such Obligor is or is intended to be a party or by which it or its properties are bound, the issuance of the Bonds and the use of the proceeds thereof as described in Section 3.1.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this Indenture was executed (or, with respect to any supplemental indenture, the date as of which such supplemental indenture was executed).

"Trustee" means the person named as the "Trustee" in the preamble to this Indenture and its successors and assigns, and any corporation resulting from or surviving any consolidation or merger to which it or its successors and assigns may be a party, or any successor to all or substantially all of its corporate trust business, provided that any such successor or assign or surviving corporation shall be eligible for appointment as trustee pursuant

to Section 11.7, until a successor Trustee must have become such pursuant to the applicable provisions of this Indenture, and thereafter means such successor Trustee.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York and any other jurisdiction the laws of which control the creation or perfection of security interests under the Collateral Documents.

"United States" means the United States of America.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Issuer that is designated by the Issuer's Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution; but only to the extent that such Subsidiary: (a) has no Indebtedness or other liabilities or obligations other than Non-Recourse Obligations; (b) is not party to any agreement, contract, arrangement or understanding with the Issuer or any Guarantor unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Guarantor than those that might be obtained at the time from Persons who are not Affiliates of the Issuer; and (c) is a Person with respect to which neither the Issuer nor any of the Guarantors has any direct or indirect obligation (x) to subscribe for additional equity interests or (y) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results. Any such designation by the Issuer's Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture, and for all other purposes such Subsidiary will be deemed to be a Guarantor and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Guarantor as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under Section 6.8 hereof, the Issuer shall be in default of such Section). The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Guarantor; provided that such designation shall be deemed to be an incurrence

of Indebtedness by a Guarantor of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (i) such Indebtedness is permitted under Section 6.8 hereof, and (ii) no Default or Event of Default would occur or be in existence following such designation.

"Working Capital Agreement" means the credit agreement dated February 22, 2000 among the Issuer, as borrower, the Guarantors party thereto and the Working Capital Banks.

"Working Capital Banks" means Citibank, N.A. and The Chase Manhattan Bank and any of their successors and permitted assigns, as lenders under the Working Capital Facility.

"Working Capital Facility" means the 364-day revolving credit facility established pursuant to the Working Capital Agreement.

SECTION 1.2 Compliance Certificates and Opinions. Except as otherwise expressly provided by this Indenture, upon any application or request by the Issuer to the Trustee that the Trustee take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an

Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and, if so requested by the Trustee, 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 particular application or request as to which the furnishing of 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 shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition;

(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, such examination or investigation has been made as is necessary to enable such individual 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.

With the delivery of this Indenture, the Issuer and the Guarantors are furnishing to the Trustee, and from time to time thereafter may furnish, an Officer's Certificate identifying and certifying the incumbency and specimen signatures of the Authorized Representatives. Until the Trustee receives a subsequent Officers' Certificate, the Trustee shall be entitled to conclusively rely on the last such Officers' Certificate delivered to it

for purposes of determining the Authorized Representatives of the Issuer and the Guarantors.

SECTION 1.3 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 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 of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows or has reason to believe that the certificate or opinion or representations with respect to the matters upon which such officer's certificate is based are erroneous or otherwise inaccurate. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate of, or representations by, an Authorized Representative of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows that the certificate 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 1.4 Notices, Etc. to Trustee. Any Act of Holders or other document required or permitted by this Indenture shall be deemed to have been made or given, as applicable, only if such notice is in writing and delivered personally, or by registered or certified first-class United States mail with postage prepaid and return receipt requested, or made, given or furnished in writing by confirmed telecopy or facsimile transmission, or by prepaid courier service to the appropriate party as set forth below:

Trustee: The Chase Manhattan Bank
Capital Markets Fiduciary Services
450 W. 33rd Street, 15th Floor
New York, New York 10001

Attention: Annette Marsula
International and Project
Finance Group

Telecopier No.: (212) 946-8177
Telephone No.: (212) 946-7557

Issuer: NRG Northeast Generating LLC
1221 Nicollet Mall
Suite 700
Minneapolis, MN 55403-2445

Attention: Investor Relations

Telecopier No.: (612) 373-5430

With Copies to: NRG Energy, Inc.
1221 Nicollet Mall
Suite 700
Minneapolis, MN 55403-2445

Attention: General Counsel

Telecopier No.: (612) 373-5392

Any party may change its address by giving notice of such change in the manner set forth herein. Any notice given to a party by mail or by courier shall be deemed delivered upon receipt thereof (unless the party refuses to accept delivery, in which case the party shall be deemed to have accepted delivery upon presentation). Any notice given to a party by telecopy or facsimile transmission shall be deemed effective on the date it is actually sent to the intended recipient by confirmed telecopy or facsimile transmission to the telecopier number specified above.

SECTION 1.5 Notices to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder, at its address as it appears in the Security Register, not later than the latest date, if any, and not earlier than

the earliest date, if any, prescribed for the giving of such notice. Where this Indenture provides for notice, 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 that is mailed in the manner herein provided shall be conclusively presumed to have been duly given.

SECTION 1.6 Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 1.7 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.8 Successors and Assigns. All covenants, agreements, representations and warranties in this Indenture by the Trustee, the Issuer and the Guarantors 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 1.9 Severability Clause. In case any provision in this Indenture or in the Bonds 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 1.10 Benefits of Indenture. Nothing in this Indenture or in the Bonds, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.11 Governing Law. THIS INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THEREOF TO THE EXTENT THE APPLICATION OF SUCH PRINCIPLES WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

SECTION 1.12 Legal Holidays. In any case where the Redemption Date or the Scheduled Payment Date of any Bond or of any installment of principal thereof or payment of interest thereon, or any date on which any defaulted interest is proposed to be paid, shall not be a Business Day, then (notwithstanding any other provision of this Indenture or such Bond) payment of interest and/or principal, and/or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Redemption Date or on the Scheduled Payment Date, or on the date on which the defaulted interest is proposed to be paid, and, except as provided in any Series Supplemental Indenture setting forth the terms of such Bond, if such payment is timely made, no interest shall accrue for the period from and after such Redemption Date or Scheduled Payment Date, or date for the payment of defaulted interest, as the case may be, to the date of such payment.

SECTION 1.13 Execution in Counterparts. 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.

ARTICLE 2

THE BONDS

SECTION 2.1 Form of Bond to Be Established by Series Supplemental Indenture. The Bonds of each series shall be substantially in the form (not inconsistent with this Indenture, including Section 2.5 hereof) established in the Series Supplemental Indenture relating to the Bonds of such series.

SECTION 2.2 Form of Trustee's Authentication. The Trustee's certificate of authentication on all Bonds shall be in substantially the following form:

This Bond is one of the Bonds referred to in the within-mentioned Indenture.

---
as Trustee

By

Authorized Signatory

SECTION 2.3 Amount; Issuable in Series. The aggregate principal amount of Bonds that may be authenticated and delivered under this Indenture is unlimited, provided that this Section 2.3 shall not be deemed to in any way supersede the restrictions set forth in Section 6.8.

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

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

(b) any limit upon the aggregate principal amount of the Bonds of such series that may be authenticated and delivered under this Indenture (except for Bonds authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Bonds of such series pursuant to Section 2.7, 2.8, 2.9, 8.6 or 14.6 and except for Bonds that, pursuant to the last paragraph of Section 2.4 hereof, are deemed never to have been authenticated and delivered hereunder);

(c) the date or dates on which the principal of the Bonds of such series is payable, the amounts of principal payable on such date or dates and the Regular Record Date for the determination of Holders to whom principal is payable; and the date or dates on or as of which the Bonds of such series shall be dated, if other than as provided in Section 2.13(a);

(d) the rate or rates at which the Bonds of such series shall bear interest, or the method by which such rate or rates 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

is payable; and the basis of computation of interest, if other than as provided in Section 2.13(b);

(e) if other than as provided in Section 11.11, the place or places where (i) the principal of, premium, if any, and interest on Bonds of such series shall be payable, (ii) Bonds of such series may be surrendered for registration of transfer or exchange and (iii) notices and demands to or upon the Issuer in respect of the Bonds of such series and this Indenture may be served;

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

(g) the obligation, if any, of the Issuer to redeem, purchase or repay Bonds of such series pursuant to any sinking fund or analogous provision or at the option of a Holder thereof and the price or prices at which and the periods or periods within which and the terms and conditions upon which Bonds of such series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

(h) if other than in minimum denominations of $100,000 and any integral multiple of $1,000 in excess thereof, the denominations in which Bonds of such series shall be issuable;

(i) the restrictions or limitations, if any, on the transfer or exchange of the Bonds of such series including, without limitation, with respect to Bonds to be sold outside of the United States pursuant to Regulation S or any other exemption from registration under the Securities Act;

(j) the obligation, if any, of the Issuer to file a registration statement with respect to the Bonds of such series or to exchange the Bonds of such series for Bonds registered pursuant to the Securities Act;

(k) any trustees, authenticating or paying agents, warrant agents, transfer agents or registrars with respect to the Bonds of such series, if other than as set forth herein; and

(l) any other terms of such series (which terms shall not be inconsistent with the provisions of this Indenture).

SECTION 2.4 Authentication and Delivery of Bonds. Subject to Section 2.3, at any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds of any series executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Bonds, and the Trustee shall thereupon authenticate and make available for delivery such Bonds in accordance with such Issuer Order, without any further action by the Issuer. No Bond 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 Bond a certificate of authentication, in the form provided for herein, executed by the Trustee by the manual signature of any Authorized Signatory, and such certificate upon any Bonds shall be conclusive evidence, and the only evidence, that such Bond has been duly

authenticated and delivered thereunder. In authenticating such Bonds and accepting the additional responsibilities under this Indenture in relation to such Bonds, the Trustee shall be entitled to receive, and (subject to Section 11.1) shall be fully protected in relying upon:

(a) an executed Series Supplemental Indenture with respect to the Bonds of such series;

(b) an Officer's Certificate of the Issuer (i) certifying as to Board Resolutions of the Issuer by or pursuant to which the terms of the Bonds of such series were established, (ii) certifying that all conditions precedent under this Indenture to the Trustee's authentication and delivery of such Bonds have been complied with and (iii) certifying that the terms of the Bonds of such series are not inconsistent with the terms of this Indenture as then and theretofore supplemented;

(c) an Opinion of Counsel to the effect that (i) the form or forms and the terms of such Bonds have been established by a Series Supplemental Indenture as permitted by Sections 2.1 and 2.3 in conformity with the provisions of this Indenture and (ii) the Bonds of such series, when authenticated and made available for delivery by the Trustee and issued by the Issuer in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, except as enforceability (A) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights and remedies generally and (B) is subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law); and

(d) such other documents and evidence with respect to the Issuer as the Trustee may reasonably request.

Prior to the authentication and delivery of a series of Bonds, the Trustee shall also receive such other funds, accounts, documents, certificates, instruments or opinions as may be required by the related Series Supplemental Indenture.

Notwithstanding the foregoing, if any Bond shall have been authenticated and delivered hereunder but never issued or sold by the Issuer, and the Issuer shall deliver such Bond to the Trustee for cancellation as provided in Section 2.12 together with a written statement (which need not comply with Section 1.2 and need not be accompanied by an Opinion of Counsel) stating that such Bond has never been issued or sold by the Issuer, for all purposes of this Indenture such Bond shall be deemed never to have been authenticated and delivered hereunder and shall never have been or be entitled to the benefits hereof.

SECTION 2.5 Form. The Bonds of each series shall be in registered form and may have such letters, numbers or other marks of identification and such legends or endorsements printed, lithographed, engraved, typewritten or photocopied thereon, as may be required to comply with the rules of any securities exchange upon which the Bonds of any such series are to be listed (if any) or to conform to any usage in respect thereof, or as may, consistently herewith, be prescribed by the Board of Directors of the Issuer or by the Authorized

Representative executing such Bonds, such determination by said Authorized Representative to be evidenced by its signing the Bonds.

The Bonds may be issued in the form of (a) definitive Bonds or (b) one or more Global Bonds. Bonds issued in definitive form shall be registered in the name or names of such Persons and for the principal amounts as the Issuer may request. Bonds issued in the form of a Global Bond shall be registered in the name of the Registered Depositary or its nominee and shall represent the beneficial interests of Persons purchasing the Bonds. In the event any of the Bonds are issued in a transaction under Rule 144A of the Securities Act, any such Person shall purchase such Bonds in transactions complying with Rule 144A under the Securities Act. The Trustee, as custodian ("Custodian"), will act as custodian of each Global Bond for the Registered Depositary or appoint a sub-custodian to act in such capacity. So long as the Registered Depositary or its nominee is the registered owner of the Global Bond, it shall be considered the Holder of the Bonds represented thereby for all purposes hereunder and under the Global Bond. None of the Issuer, the Trustee or any Paying Agent shall have any responsibility or liability for any aspect of the records relating to or payments made by the Registered Depositary on account of beneficial interests in the Global Bond. Interests in the Global Bond shall be transferred on the Registered Depositary's book-entry settlement system.

Anything in this Section 2.5 to the contrary notwithstanding, the Initial Bonds shall be issued in definitive form unless otherwise specified in the First Series Supplemental Indenture.

SECTION 2.6 Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by one of its Authorized Representatives. The signature of any such officers on the Bonds may be manual or facsimile.

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

SECTION 2.7 Temporary Bonds. Pending the preparation of definitive Bonds of any series pursuant to Section 2.8, the Issuer may execute, and upon Issuer Order the Trustee shall authenticate and make available for delivery, temporary Bonds of such series that are printed, lithographed, typewritten, photocopied or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Authorized Representative executing such Bonds may determine, as evidenced by their execution of such Bonds.

If temporary Bonds of any series are issued, the Issuer will cause definitive Bonds of such series to be prepared without unreasonable delay. After the preparation of definitive Bonds of such series, the temporary Bonds of such series shall be exchangeable for definitive Bonds of such series upon surrender of the temporary Bonds of such series at the Place of Payment, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds of any series, the Issuer shall execute, and the Trustee shall authenticate and

make available for delivery, in exchange therefor, definitive Bonds of such series of authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, such temporary Bonds of any series shall in all

respects be entitled to the same benefits under this Indenture as definitive Bonds of such series.

SECTION 2.8 Registration; Restrictions on Transfer and Exchange. (a) The Issuer shall cause to be kept at the Corporate Trust Office of the Security Registrar a register which, subject to such reasonable regulations as the Issuer may prescribe, shall provide for the registration of Bonds and for the registration of transfers and exchanges of Bonds. 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". The Trustee is hereby appointed the initial Security Registrar for the purpose of registering Bonds and transfers and exchanges of Bonds as herein provided. Upon any resignation or removal of the Security Registrar, the Issuer shall promptly appoint a successor, or in the absence of such appointment, assume the duties of such Security Registrar.

If a Person other than the Trustee is appointed by the Issuer as Security Registrar, the Issuer will give the Trustee prompt written notice of the appointment of a Security Registrar and of the location, and any change in the location of the Security Register, and the Trustee shall have the right to inspect the Security Register at all reasonable times and to obtain copies thereof, and the Trustee shall have the right to rely upon such Security Register as to the names and addresses of the Holders of the Bonds and the principal amounts and numbers of such Bonds.

(b) Any Global Bond shall be exchanged for definitive Bonds, without coupons, and delivered to and registered in the name of Persons named by the Registered Depositary, rather than to the nominee for the Registered Depositary, if (i) the Issuer advises the Trustee in writing that the Registered Depositary is no longer willing or able to discharge properly its responsibilities as Registered Depositary with respect to the Bonds and the Issuer is unable to appoint a qualified successor, or that the Registered Depositary has ceased to be a clearing agency registered under the Exchange Act, (ii) the Issuer, at its option, elects to terminate the book-entry system through the Registered Depositary with respect to the Bonds and cause issuance of certificated Bonds or (iii) after the occurrence and continuation of an Event of Default, beneficial owners holding interests representing an aggregate principal amount of Bonds of more than 50% of the Bonds represented by the Global Bond advise the Trustee through the Registered Depositary in writing that the continuation of a book-entry system through the Registered Depositary with respect to the Bonds is no longer in such owners' best interests.

Upon the occurrence of any of the events in clauses (i) through (iii) of the preceding paragraph, the Trustee shall, by forwarding any notice received from the Issuer to the Registered Depositary, be deemed to have notified all Persons who hold a beneficial interest in the Global Bond through participants in the Registered Depositary or indirect participants through participants in the Registered Depositary of the availability of definitive Bonds. Upon surrender by the Registered Depositary of the Global Bond and receipt of instructions for re-registration, the Security Registrar will exchange the Global Bond for an equal aggregate principal amount of definitive Bonds.

After the expiration of the Distribution Compliance Period pursuant to Regulation S of the Securities Act applicable to such securities, at the option of the Holder, beneficial interests in Global Bonds of any series may be exchanged in whole or in part for certificated Bonds of the same series to be registered in the name of such Holder, of authorized denominations and of like tenor, maturity, interest rate and aggregate principal amount, upon prior written notice to the Trustee by or on behalf of the Registered Depositary and surrender of the Bonds to be exchanged at any office or agency maintained for

such purpose pursuant to Section 11.11. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and make available for delivery, the Bonds which the Holder making the exchange is entitled to receive. The Issuer shall execute and deliver to the Trustee, on the Closing Date and from time to time thereafter, for safekeeping and subsequent authentication, a stock of definitive registered Bonds of each series in such quantities as the Issuer, after consultation with the Trustee, determines to be sufficient to permit the issuance of definitive Bonds and the exchanges contemplated by this Section.

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

Every Bond presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Security Registrar or any transfer agent, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing.

No service charge shall be required of any Holders participating in any transfer or exchange of Bonds in respect of such transfer or exchange, but the Security Registrar may require payment of a sum sufficient to cover any Tax that may be imposed in connection with any transfer or exchange of Bonds, other than exchanges pursuant to section 2.7, 8.6 or 14.6 not involving any transfer.

The Security Registrar shall not be required (a) to issue, register the transfer of or exchange any Bond 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 Bonds of such series selected for redemption under Section 8.2 and ending at the close of business on the day of such mailing or (b) to issue, register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of any Bond redeemed in part.

SECTION 2.9 Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated or defaced Bond is surrendered to the Trustee, or the Issuer and the Security Registrar and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer, the Security Registrar and the Trustee evidence to their satisfaction of the ownership and authenticity thereof, and such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Security Registrar or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon the Issuer's request the Trustee shall authenticate and make available for delivery, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen

Bond, a new Bond of the same series and of like tenor, interest rate and principal amount, bearing a number not then outstanding and registered in the same manner. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such new Bond was issued presents for payment such original Bond, the Issuer and the Trustee shall be entitled to recover such new Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expenses incurred by the Issuer or the Trustee in connection therewith.

Notwithstanding the foregoing, in case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, upon satisfaction of the conditions set forth in clauses (a) and (b) of the preceding paragraph may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section 2.9, the Issuer may require the payment of a sum sufficient to cover any Tax that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section 2.9 in lieu of any mutilated, destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture and the other Collateral Documents equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section 2.9 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 Bonds.

SECTION 2.10 Payment of Principal and Interest; Principal and Interest Rights Preserved. Principal or interest on any Bond that is payable, and punctually paid or duly provided for, on any Scheduled Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such principal or interest. Payment of principal of and interest on the Bonds of any series shall be made at the Place of Payment (or, if such office is not in The City of New York, at either such office or an office to be maintained in such City), or by check or in another manner or manners if so provided in the Series Supplemental Indenture relating to such series of Bonds, except for the final installment of principal payable with respect to a Bond, which shall be payable as provided in Section 8.5 (in the case of Bonds redeemed) or payable upon presentation and surrender of such Bond at the Place of Payment.

Any principal of or interest on any Bond of any series that is payable, but is not punctually paid or duly provided for, on any Scheduled Payment Date of an installment of principal or payment of interest shall forthwith cease to be payable to the Holder on the relevant Regular Record Date and such defaulted principal or interest may be paid by the Issuer, at its election in each case, as provided in paragraph (a) or paragraph (b) below:

(a) The Issuer may elect to make payment of all or any portion of such defaulted principal or interest to the Persons in whose names the Bonds of such series (or their respective Predecessor Bonds) in respect of which principal or interest is in default are registered at the close of business on a Special Record Date for the payment of such defaulted principal or interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee and the Paying Agent in writing of the amount of defaulted principal or interest proposed to be paid on each Bond of such series and the date of the proposed payment, and concurrently 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 principal or interest or there shall be made arrangements acknowledged by 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 principal or interest as provided in this paragraph. Thereupon, the Trustee shall fix a Special Record Date for the payment of such defaulted principal or interest (together with other amounts payable with respect to such defaulted principal or interest) which shall not

be 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 Issuer and the Security Registrar of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such defaulted principal or interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of a Bond of such series at such Holder's address 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 principal or interest and the Special Record Date therefor having been mailed as aforesaid, such defaulted principal or interest shall be paid to the Persons in whose names the Bonds of such series (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph (b).

(b) The Issuer may make, or cause to be made, payment of any defaulted principal or interest (together with other amounts payable with respect to such defaulted interest) in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds in respect of which 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 Issuer to the Trustee of the proposed payment pursuant to this paragraph, such payment shall be deemed reasonable by the Trustee.

Subject to the foregoing provisions of this Section 2.10, each Bond delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

SECTION 2.11 Persons Deemed Owners. Subject to Section 2.10, prior to due presentment of a Bond for registration of transfer, the Person in whose name any Bond is registered shall be deemed to be the owner of such Bond for the purpose of receiving payment of principal of, and premium, if any, and interest on, such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, regardless of any notice to anyone to the contrary.

SECTION 2.12 Cancellation. All Bonds surrendered for payment, redemption, credit against any sinking fund payment or registration of transfer or exchange or deemed lost or stolen shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee for cancellation and may not be reissued or sold. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever. All Bonds so delivered shall be promptly canceled by the Trustee. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Bonds held by the Trustee shall be either destroyed and certification of their destruction shall be delivered to the Issuer or held by the Trustee in accordance with its standard retention policy, unless the Issuer shall direct by an Issuer Order that they be returned to it.

SECTION 2.13 Dating of Bonds; Computation of Interest. (a) Except as otherwise provided in the Series Supplemental Indenture relating to any series of Bonds, each Bond of such series shall be dated the date of its authentication.

(b) Except as otherwise provided in the Series Supplemental Indenture relating to any series of Bonds, interest on the Bonds of such series

shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 2.14 Source of Payments Limited; Rights and Liabilities of the Issuer. All payments of principal and premium, if any, and interest to be made in respect of the Bonds and this Indenture shall be made only from the payments from the revenues of the Issuer and the Guarantors, the Collateral and the income and proceeds received by the Trustee therefrom. Each Holder, by its acceptance of a Bond, agrees that (a) it will look solely to the revenues of the Issuer and the Guarantors, the Collateral and the income and proceeds received by the Trustee therefrom to the extent available for distribution to such Holder as herein provided or provided in the Collateral Documents, (b) none of the Members, or any of their respective past, present or future members, partners, officers, directors or shareholders or other related Persons, or the Trustee shall be personally or otherwise liable to any Holder, nor shall any of the Members, or any of their respective past, present or future members, partners, officers, directors or shareholders or other related Persons, be personally or otherwise liable to the Trustee, for any amounts payable under any Bond or for any liability under this Indenture or any other Transaction Document, except as provided therein, and (c) recourse shall be otherwise limited in accordance with Section 17.1.

SECTION 2.15 Allocation of Principal and Interest. Except as otherwise provided in Section 8.6, each payment of principal of and premium, if any, and interest on each Bond shall be applied, first, to the payment of accrued but unpaid interest on such Bond (as well as any interest on overdue principal or, to the extent permitted by applicable Law, overdue interest) to the date of such payment, second, to the payment of the principal amount of and premium, if any, on such Bond then due (including any overdue installment of principal) thereunder, and third, the balance, if any, to the payment of the principal amount of such Bond remaining unpaid.

SECTION 2.16 Parity of Bonds. Except as otherwise provided in this Indenture and the other Collateral Documents, all Bonds of a series issued and outstanding hereunder rank

on a parity with each other Bond of the same series, and with all Bonds of each other series and each Bond of a series shall be secured equally and ratably by this Indenture and the other Collateral Documents with each other Bond of the same series and with all Bonds of each other series, without preference, priority or distinction of any one thereof over any other by reason of difference in time of issuance or otherwise, and each Bond of a series shall be entitled to the same benefits and security in this Indenture and the other Collateral Documents as each other Bond of the same series and with all Bonds of each other series.

ARTICLE 3

APPLICATION OF PROCEEDS FROM SALE OF BONDS

SECTION 3.1 Application of Proceeds from Sale of Bonds. Promptly upon receipt by the Issuer of the proceeds from the sale of the Initial Bonds, the Issuer shall apply such proceeds (i) to repay existing Indebtedness of the Issuer incurred to acquire certain Facilities, (ii) to pay costs, expenses and the Initial Purchasers' discounts and commissions in connection with the offering of the Initial Bonds and (iii) to repay NRG Energy money loaned in connection with the purchase of the Facilities acquired from CL&P.

ARTICLE 4

DEBT SERVICE RESERVE ACCOUNT

SECTION 4.1 Debt Service Reserve Account.

(a) Creation of the Account. The Issuer hereby establishes at the Trustee's Corporate Trust Office a special, segregated and irrevocable, non-interest bearing collateral account (the "Debt Service Reserve Account") which shall be maintained at all times until the termination of this Indenture. All amounts from time to time held in the Debt Service Reserve Account shall be held in the name of the Trustee for the benefit of the Holders. Except as expressly provided in this Indenture, neither the Issuer nor any Guarantor shall have any right to withdraw funds from the Debt Service Reserve Account. All amounts on deposit in the Debt Service Reserve Account and all Permitted Investments held therein shall constitute a part of the Collateral and shall not constitute payment of any Bonds until applied as provided in this Indenture. The Issuer hereby irrevocably authorizes the Trustee to withdraw funds from the Debt Service Reserve Account in accordance with this Section 4.1.

(b) Funding of the Account. On the Closing Date, the Issuer shall deposit cash, Permitted Investments, one or more Debt Service Reserve Support Instruments or any combination thereof into the Debt Service Reserve Account and shall at all times thereafter cause the amount on deposit therein (which may be cash, Permitted Investments, Debt Service Reserve Support Instruments or any combination thereof) to be at least equal to the Debt Service Reserve Requirement.

(c) Withdrawals from the Account.

(i) The Issuer may direct the withdrawal of funds from the Debt Service Reserve Account (A) to the extent that no other funds are available to it to pay principal or interest on the Bonds of any series that are due on the date of such withdrawal (each, a "Withdrawal Date") and (B) if on any Scheduled Payment Date, the Trustee shall have received from the Issuer funds that are insufficient to pay the aggregate amount of the principal and interest then due. For each withdrawal from the Debt Service Reserve Account pursuant to this Section 4.1(c), the Issuer shall deliver to the Trustee no less than two Business Days prior to the relevant Withdrawal Date, a certificate (each, a "Withdrawal Certificate") of an Authorized Representative stating that the funds available to it to pay the aggregate amount of such principal and interest due and payable on the Bonds on the Withdrawal Date are insufficient to pay such amounts and setting out the relevant Withdrawal Date and the amount to be withdrawn. On each Withdrawal Date, the Trustee shall transfer from the Debt Service Reserve Account, to the extent funds are available therein, to the accounts of the Holders the amount specified in the relevant Withdrawal Certificate.

(ii) If on any Scheduled Payment Date the Paying Agent shall have received from or on behalf of the Issuer funds that are insufficient to pay the aggregate amount of such principal and interest in full, then, upon notice thereof by the Paying Agent to the Trustee specifying the amount of such insufficiency, the Trustee shall transfer from the Debt Service Reserve Account, to the extent funds are available therein, to the accounts of the Holders an amount equal to such insufficiency.

(iii) If on any date on or prior to the maturity date of the Bonds of any series on which the Trustee is required to make withdrawals from the Debt Service Reserve Account pursuant to the foregoing clauses (i) or (ii) the funds on deposit in the Debt Service Reserve Account are insufficient to make such withdrawals, the Trustee shall draw on or demand payment under any Debt Service Reserve Support Instrument then in its possession and selected by the Trustee in an amount equal, when added to all amounts paid under each other Debt Service Reserve Support Instrument on such date, to such insufficiency.

(iv) Unless the Trustee shall have been notified in writing that an Event of Default shall have occurred and is continuing or would result therefrom, if on the last Business Day of any calendar month, the credit balance of the Debt Service Reserve Account exceeds the Debt Service Reserve Requirement, then upon the written request of the Issuer delivered to the Trustee no less than two Business Days prior to the such last Business Day, the Trustee shall transfer from the Debt Service Reserve Account to the Issuer an amount equal to such excess in accordance with the instructions specified therefor in such request.

(d) Debt Service Reserve Support Instruments.

(i) At any time on or after the Closing Date, the Issuer may deliver to the Trustee a Debt Service Reserve Support Instrument in an aggregate amount available to be drawn

or demanded thereunder equal to all or a portion of the Debt Service Reserve Requirement. At any time upon or after delivery of a Debt Service Reserve Support Instrument, the Issuer may deliver to the Trustee a certificate (a "Reduction Certificate") setting out the Issuer's calculation of the excess of (x) the aggregate amount of cash and Permitted Investments on deposit in the Debt Service Reserve Account plus the aggregate amount then available to be drawn under all Debt Service Reserve Support Instruments theretofore delivered to the Trustee over (y) the Debt Service Reserve Requirement. The Trustee shall, in accordance with the instructions specified therefor in such request, within 2 Business Days of the receipt of a Reduction Certificate, transfer from the Debt Service Reserve Account to the Issuer cash or Permitted Investments or reduce the amount available to be drawn on or demanded under such Debt Service Reserve Support Instrument(s) in an amount equal to such excess.

(ii) In the event that at any time prior to the termination or satisfaction and discharge of this Indenture the issuing financial institution in respect of any Debt Service Reserve Letter of Credit fails to qualify as an Acceptable Bank, the Issuer shall cause all Debt Service Reserve Letters of Credit issued by such issuing bank to be replaced by another Debt Service Reserve Support Instrument or cash deposit or Permitted Investment in an amount at least equal to the available face amount of the Debt Service Reserve Letter(s) of Credit being replaced. If such Debt Service Reserve Letter of Credit is not so replaced within thirty (30) days of notice by the Trustee to the Issuer of the failure of such issuing financial institution to qualify as an Acceptable Bank, then in each case, the Trustee shall draw on the full available face amount of such Debt Service Reserve Letter of Credit (less any excess of the aggregate cash, Permitted Investments and Debt Service Reserve Support Instruments over the Debt Service Reserve Requirement) in accordance with the terms thereof and deposit the proceeds of such draw into the Debt Service Reserve Account.

(iii) In the event that at any time prior to the termination

or satisfaction and discharge of this Indenture a guarantor under any Debt Service Reserve Guarantee fails to qualify as an Acceptable Guarantor, the Issuer shall cause the Debt Service Reserve Guarantee of such Person to be replaced by another Debt Service Reserve Support Instrument or cash deposit or Permitted Investment in an amount at least equal to the amount guaranteed under the Debt Service Reserve Guarantee being replaced. If such Debt Service Reserve Guarantee is not so replaced within thirty (30) days of notice by the Trustee to the Issuer of the failure of such Person to qualify as an Acceptable Guarantor, then in each case, the Trustee shall draw on the full amount guaranteed under such Debt Service Reserve Guarantee (less any excess of the aggregate cash, Permitted Investments and Debt Service Reserve Support Instruments over the Debt Service Reserve Requirement) in accordance with the terms thereof and deposit the proceeds of such draw into the Debt Service Reserve Account.

(e) The amount on deposit in the Debt Service Reserve Account at any time shall be deemed to be equal to the aggregate amount of cash on deposit therein at such time, plus the aggregate fair market value of all Permitted Investments on deposit therein at such time, plus the amount available to be drawn or demanded under all Debt Service Reserve Support Instruments held by the Trustee at such time.

SECTION 4.2. Securities Account; Securities Intermediary.

Securities Intermediary. (a) Acceptance of Appointment of Securities Intermediary. The Chase Manhattan Bank hereby agrees to act as securities intermediary as that term is defined in Section 8-102(a)(14) of the New York UCC (in such capacity, the "Securities Intermediary") under this Indenture. Each of the Issuer, the Guarantors, the Securities Intermediary and the Trustee hereby acknowledges that the Securities Intermediary shall act as Securities Intermediary under any Series Supplemental Indenture, unless otherwise specified, as to any accounts established under such Series Supplemental Indenture.

(b) Establishment of the Debt Service Reserve Account. The Securities Intermediary hereby agrees and confirms that (A) the Securities Intermediary has established the Debt Service Reserve Account, (B) the Debt Service Reserve Account is and will be maintained as a "securities account" (within the meaning of Section 8-501 of the UCC), (C) the Trustee is the "entitlement holder" (within the meaning of Section 8-102(a)(7) of the UCC) in respect of the "financial assets" (within the meaning of Section 8-102(a)(9) of the UCC) credited to the Debt Service Reserve Account, (D) all property delivered to the Securities Intermediary for deposit to the Debt Service Reserve Account will be held by the Securities Intermediary and promptly credited to the Debt Service Reserve Account by an appropriate entry in its records in accordance with this Indenture, (E) all "financial assets" (within the meaning of Section 8-102(a)(9) of the UCC) in registered form or payable to or to the order and credited to the Debt Service Reserve Account shall be registered in the name of, payable to or to the order of, or indorsed to, the Securities Intermediary or in blank, or credited to another securities account maintained in the name of the Securities Intermediary, and in no case will any financial asset credited to the Debt Service Reserve Account be registered in the name of, payable to or to the order of, or indorsed to, the Issuer or any Guarantor except to the extent the foregoing have been subsequently indorsed by the Issuer or such Guarantor to the Securities Intermediary or in blank, and (vi) the Securities Intermediary shall not change the name or account number of the Debt Service Reserve Account without the prior written consent of the Trustee.

(c) Financial Assets Election. The Securities Intermediary agrees that each item of property (including any security,

instrument or obligation, share, participation, interest or other property whatsoever) credited to the Debt Service Reserve Account shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC.

(d) Entitlement Orders, No Other Control Agreement, No Other Liens. Each of the Issuer and each Guarantor agrees that the Securities Intermediary may, and the Securities Intermediary agrees that it shall, comply with any orders if originated by the Trustee without further consent by the Issuer, any Guarantor or any other Person. In the event that the Securities Intermediary receives conflicting entitlement orders from the Trustee and the Issuer, any Guarantor or any other Person, the Securities Intermediary shall comply with the entitlement orders originated by the Trustee. The Securities Intermediary shall not execute and deliver, or otherwise become bound by, any agreement under which the Securities Intermediary agrees with any Person other than the Trustee to comply with entitlement orders originated by such Person relating to the Debt Service Reserve Account or the security entitlements that are the subject of this Indenture or any Series Supplemental Indenture. The Securities Intermediary

shall not grant any Lien in any financial asset that is the subject of any security entitlement that is the subject of this Indenture or any Series Supplemental Indenture.

(e) Subordination of Lien; Waiver of Setoff. In the event that the Securities Intermediary has or subsequently obtains by indenture, operation of law or otherwise a lien or security interest in the Debt Service Reserve Account or any security entitlement credited thereto, the Securities Intermediary agrees that such lien or security interest shall be subordinate to the lien and security interest of the Trustee. The financial assets standing to the credit of the Debt Service Reserve Account will not be subject to deduction, setoff, banker's lien, or any other right in favor of any Person other than the Trustee (except that the face amount of any checks which have been credited to the Debt Service Reserve Account but are subsequently returned unpaid because of uncollected or insufficient funds).

(f) No Other Agreements. None of the Securities Intermediary, the Trustee, the Issuer or any Guarantor has entered into any Agreement with respect to the Debt Service Reserve Account or any financial assets credited to the Debt Service Reserve Account other than this Indenture and the other Financing Documents. The Securities Intermediary has not entered into any agreement with the Issuer, the Guarantors or any other Person purporting to limit or condition the obligation of the Securities Intermediary to comply with entitlement orders originated by the Trustee in accordance with Section 4.2(d). In the event of any conflict as to such obligation between this Indenture and any other Transaction Document or any other agreement now existing or hereafter entered into, the terms of this Indenture shall prevail.

(g) Notice of Adverse Claims. Except for the claims and interest of the Trustee, the Issuer and any Guarantor to and in the Debt Service Reserve Account, the Securities Intermediary does not know of any claim to, or interest in, the Debt Service Reserve Account or in any financial asset credited thereto. If any Person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Debt Service Reserve Account or in any financial asset credited thereto, the Securities Intermediary will promptly notify the Trustee, the Issuer and the Guarantors thereof.

(h) Rights and Powers of the Trustee. The rights and powers granted by the Securities Intermediary to the Trustee have been granted in order to perfect its lien and security interests in the Debt Service Reserve

Account, are powers coupled with an interest and will be affected by neither the bankruptcy of the Issuer or any of the Guarantors nor the lapse of time.

(i) Choice of Law. Each Series Supplemental Indenture and the Debt Service Reserve Account (including all security entitlements relating thereto) shall be governed by the law of the State of New York. Regardless of any provision in any Series Supplemental Indenture, for purposes of the UCC, the "securities intermediary's jurisdiction" of the Securities Intermediary with respect to the Debt Service Reserve Account is the State of New York.

SECTION 4.3. Security Interest. As collateral security for the prompt and complete payment and performance when due of the Bonds of any series, the Issuer hereby

pledges, assigns, hypothecates and transfers to the Trustee for the benefit of the Trustee and the Holders, and hereby grants to the Trustee for the benefit of the Trustee and the Holders, a lien on and security interest in and to (i) the Debt Service Reserve Account and (ii) all property credited thereto, including, but not limited to, cash, investments, securities and security entitlements at any time on deposit in or credited to the Debt Service Reserve Account, including all income or gain earned thereon and all security entitlements with respect to any of the foregoing. The Debt Service Reserve Account shall at all times be in the exclusive possession of and under the exclusive domain and control of, the Trustee.

SECTION 4.4 Investment of Funds. Monies held in the Debt Service Reserve Account created by or pursuant to this Indenture shall be invested and reinvested in Permitted Investments at the written direction of an Authorized Representative of the Issuer to the Trustee; provided, however, that the Trustee shall not invest such monies at any time when the maturity of any of the Bonds has been accelerated and provided, further, that at any time after the occurrence and during the continuance of an Event of Default, the Trustee may, but is not obligated to, (and, if instructed in writing by the Majority Holders of all Bonds of all series as to which the Event of Default applies, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such Permitted Investments (in an amount necessary to cure such Event of Default) and apply or cause to be applied the proceeds thereof to the payment of the Guaranteed Obligations in respect of principal of and interest on the Bonds in the manner specified in Section 5.09 of the Security Agreement. Such investments shall mature in such amounts and have maturity dates or be subject to redemption at the option of the holder thereof on or prior to maturity as needed for the purposes of such funds. Any profit realized from investments of the Debt Service Reserve Account shall be deposited in the Debt Service Reserve Account and any loss shall be charged to the Debt Service Reserve Account. In no event shall the Trustee or the Securities Intermediary be liable for the selection of Permitted Investments or for investment losses incurred thereon. Neither the Trustee nor the Securities Intermediary shall have liability in respect of losses incurred as a result of the liquidation of any Permitted Investment prior to its stated maturity or the failure of the Issuer to provide timely written investment direction, except to the extent such losses were due to the gross negligence or bad faith on the part of the Trustee or the Securities Intermediary. Neither the Trustee nor the Securities Intermediary shall have any obligation to invest or reinvest any amounts held hereunder in the absence of written investment direction.

ARTICLE 5

THE GUARANTEES

SECTION 5.1 The Guarantees. The Guarantors hereby jointly and severally guarantee to each Holder and the Trustee and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the principal of and interest on the Bonds and all other amounts from time to time owing to the Holders or the Trustee by the Issuer under this Indenture and any Series Supplemental Indenture and by any Obligor under any of the other Financing Documents strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Guarantors hereby further jointly and severally agree that if the Issuer shall fail to pay in full

when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 5.2 Obligations Unconditional. The obligations of the Guarantors under Section 5.1 are absolute and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Issuer under this Indenture or any other agreement or instrument referred to herein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section that the obligations of the Guarantors hereunder shall be absolute and unconditional, joint and several, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Indenture or any other agreement or instrument referred to herein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Indenture or any other agreement or instrument referred to herein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with; or

(iv) any lien or security interest granted to, or in favor of, the Trustee or any Holder or Holders as security for any of the Guaranteed Obligations shall fail to be perfected.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Trustee or any Holder exhaust any right, power or remedy or proceed against the Issuer under this Indenture or any other agreement or instrument referred to herein, or

against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligations.

SECTION 5.3 Reinstatement. The obligations of the Guarantors under this Article shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Issuer in respect of the Guaranteed Obligations is rescinded or must be

otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantors jointly and severally agree that they will indemnify the Trustee and each Holder on demand for all reasonable costs and expenses (including reasonable fees of counsel) incurred by the Trustee or such Holder in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

SECTION 5.4 Subrogation. The Guarantors hereby jointly and severally agree that, until the payment and satisfaction in full of all Guaranteed Obligations and the satisfaction and discharge of the Bonds under this Indenture and any Series Supplemental Indenture, they shall not exercise any right or remedy arising by reason of any performance by them of their guarantees in Section 5.1, whether by subrogation or otherwise, against the Issuer or any other guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

SECTION 5.5 Remedies. The Guarantors jointly and severally agree that, as between the Guarantors and the Holders, the obligations of the Issuer under this Indenture may be declared to be forthwith due and payable as provided in Article 10 (and shall be deemed to have become automatically due and payable in the circumstances provided in Article 10), for purposes of Section 5.1 notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Issuer, and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Issuer) shall forthwith become due and payable by the Guarantors for purposes of Section 5.1.

SECTION 5.6 Instrument for the Payment of Money. Each Guarantor hereby acknowledges that the guarantees in this Article constitute an instrument for the payment of money, and consents and agrees that any Holder or the Trustee, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

SECTION 5.7 Continuing Guarantees. The guarantees in this Article are continuing guarantees and shall apply to all Guaranteed Obligations whenever arising.

SECTION 5.8 Rights of Contribution. The Guarantors hereby agree, as between themselves, that if any Guarantor shall become an Excess Funding Guarantor (as defined below) by reason of the payment by such Guarantor of any Guaranteed Obligations, each other Guarantor shall, on demand of such Excess Funding Guarantor (but subject to the next sentence), pay to such Excess Funding Guarantor an amount equal to such Guarantor's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, debts and liabilities of such Excess Funding Guarantor) of the Excess Payment (as defined below) in respect of such Guaranteed Obligations. The payment obligation of a Guarantor to any Excess Funding Guarantor under this Section shall be subordinate and subject in right of payment to the prior payment in

full of the obligations of such Guarantor under the other provisions of this

Article, and such Excess Funding Guarantor shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such obligations.

For purposes of this Section, (i) "Excess Funding Guarantor" means, in respect of any Guaranteed Obligations, a Guarantor that has paid an amount in excess of its Pro Rata Share of such Guaranteed Obligations, (ii) "Excess Payment" means, in respect of any Guaranteed Obligations, the amount paid by an Excess Funding Guarantor in excess of its Pro Rata Share of such Guaranteed Obligations and (iii) "Pro Rata Share" means, for any Guarantor, the amount calculated by multiplying (A) all amounts due and payable in respect of the Guaranteed Obligations times (B) the ratio of (x) the amount by which the aggregate present fair saleable value of all assets of such Guarantor (excluding any shares of stock of any other Guarantor) exceeds the amount of all the debts and liabilities of such Guarantor (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder and any obligations of any other Guarantor that have been Guaranteed by such Guarantor) to (y) the amount by which the aggregate fair saleable value of all assets of all of the Guarantors exceeds the amount of all the debts and liabilities (including contingent, subordinated, unmatured and unliquidated liabilities, but excluding the obligations of the Issuer and the Guarantors hereunder and under the other Transaction Documents) of all of the Guarantors, determined (A) with respect to any Guarantor that is a party hereto on the Effective Date, as of the Effective Date, and (B) with respect to any other Guarantor, as of the date such Guarantor becomes a Guarantor hereunder.

SECTION 5.9 General Limitation on Guarantee Obligations. In any action or proceeding involving any state corporate law, or any state or Federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under Section 5.1 would otherwise, taking into account the provisions of Section 5.8, be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 5.1, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Holder, the Trustee or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 5.10 Effectiveness. The respective obligations of each Guarantor under this Article 5 shall not be effective unless and until an Authorized Representative of the Issuer shall have delivered a certificate (each, a "Guarantee Effectiveness Certificate") to the Trustee to the effect that all Governmental Approvals under Section 204 of the Federal Power Act as may be necessary for such Guarantor to incur and perform its obligations under this Article 5 have been obtained and remain in effect and that all applicable waiting periods have expired without any action being taken by any competent authority which restricts, prevents or imposes materially adverse conditions upon the incurrence or performance of such obligations. The Issuer shall cause a Guarantee Effectiveness Certificate in respect of each Guarantor to be delivered to the Trustee within four Business Days after receipt by such Guarantor of such Governmental Approvals and the expiration of such applicable waiting periods.

ARTICLE 6

COVENANTS OF THE ISSUER

The Issuer hereby covenants and agrees that so long as this Indenture is in effect and any Bonds remain Outstanding:

SECTION 6.1 Financial Statements and Other Information. For so long as the Bonds are Outstanding, the Issuer will furnish to the Trustee and the Rating Agencies:

(a) within 105 days after the end of each fiscal year of the Issuer, (i) the audited consolidated balance sheet and related statements of operations, members' equity and cash flows of the Issuer and its Subsidiaries as of the end of and for such year and (ii) the audited consolidated balance sheet and related statements of operations, members' equity and cash flows of the Issuer and the Guarantors (excluding the financial condition and results of operations of the Issuer and the Unrestricted Subsidiaries) as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Issuer and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 60 days after the end of each of the first three quarters of each fiscal year of the Issuer, (i) the unaudited consolidated balance sheet and related statements of operations, members' equity and cash flows of the Issuer and its Subsidiaries as of the end of and for such fiscal quarter and the then-elapsed portion of the fiscal year and (ii) the unaudited consolidated balance sheet and related statements of operations, members' equity and cash flows of the Issuer and the Guarantors (excluding the financial condition and results of operations of the Issuer and the Unrestricted Subsidiaries), setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, all certified by an Authorized Representative of the Issuer as presenting fairly in all material respects the financial condition and results of operations of the Issuer and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) of this Section, an Officer's Certificate (i) certifying as to whether to the best knowledge of the signer thereof a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) stating whether any change in GAAP or in the application thereof has occurred since the date of the most recent prior audited financial statements delivered pursuant to Section 6.1(a) or delivered to Holders on or prior to the Closing Date, as applicable, and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) of this Section, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of Defaults under clause (b) (B) (y) of the definition of "Permitted Investments" or clauses (b) or (c) of Section 6.15 (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Issuer or any of the Guarantors with the SEC, or any Governmental Authority succeeding to any or all of the functions of said commission, or with any national securities exchange, or distributed by the Issuer to its members generally, as the case may be;

(f) promptly after receiving notice of the same, copies of any information with respect to any material litigation or material governmental or environmental proceedings against the Issuer or the Guarantors; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Issuer or any of the Guarantors, or compliance with the terms of this Indenture and the other Transaction Documents, as the Trustee or Majority Holders may reasonably request.

SECTION 6.2 Existence; Conduct of Business. The Issuer will, and will cause each of the Guarantors to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence as a limited liability company and all things reasonably necessary to preserve, renew and keep in full force and effect the rights, licenses, permits, privileges and franchises material to the conduct of its business as then conducted; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.14; provided, further, that the Issuer or any Guarantor may change its status as a limited liability company if the Rating Agencies confirm their current ratings of the Bonds and the Issuer or Guarantor, as applicable, otherwise complies with its obligations under the Financing Documents.

SECTION 6.3 Maintenance of Tax Status. The Issuer will not, and will cause each of the Guarantors not to, voluntarily take any action to cause the Issuer or any Guarantors to be subject to taxation as a separate entity for federal income tax purposes.

SECTION 6.4 Compliance with Laws and Contractual Obligations. The Issuer will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority (including Environmental Laws and ERISA matters), and all contractual obligations applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.5 Maintenance of Properties; Insurance.

(a) The Issuer will, and will cause each of the Guarantors to, (i) keep and maintain all property material to the conduct of its business in good working order and condition,

ordinary wear and tear excepted; provided, however, that nothing in this Section

shall prevent the Issuer or a Guarantor from disposing of any asset (subject to compliance with Section 6.12, 6.14, 7.6 or 7.11) or from discontinuing the operation or maintenance of any of such material properties if such discontinuance is, as determined by the Issuer in good faith, desirable in the conduct of its business or the business of any Guarantor and would not reasonably be expected to have a Material Adverse Effect on the Issuer and the Guarantors taken as a whole and (ii) maintain, with financially sound and reputable insurance companies, insurance with respect to each Facility in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The Issuer will maintain and will cause the Guarantors to maintain insurance for risks customarily insured against by other enterprises with similar capital structures and owning and operating facilities of like size and type as that of the Facilities in accordance with Prudent Industry Practice.

(b) The Issuer will (i) provide funds to each of the Guarantors at such times and in such amounts so as to enable each of the Guarantors to pay all Operating Expenses incurred by each such Guarantor on or before the date such Operating Expenses become due and payable and (ii) cause each of the Guarantors to comply with Section 7.7. If, on the last Business Day of each calendar month, the funds available to the Issuer exceed the amount equal to the aggregate amount of Operating Expenses of the Issuer and the Guarantors then due and payable plus Operating Expenses of the Issuer and the Guarantors reasonably anticipated to become due and payable during the following calendar month, then, on or before the third Business Day of such following calendar month, the Issuer shall deposit into the Debt Service Reserve Account an amount equal to the lesser of (i) the Debt Service Reserve Shortfall, if any, determined as at the last Business Day of a calendar month and (ii) the amount of such excess.

SECTION 6.6 Payment of Taxes and Claims. The Issuer will, and will cause each of the Guarantors to, pay its obligations, including Tax liabilities, before the same shall become delinquent or in default unless the same is then the subject of a Good Faith Contest or except where nonpayment would not have a Material Adverse Effect.

SECTION 6.7 Books and Records; Inspection Rights. The Issuer will, and will cause each of the Guarantors to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Issuer will, and will cause each of the Guarantors to, permit the Trustee or its representative, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

SECTION 6.8 Indebtedness. The Issuer will not: (a) create, incur, assume or permit to exist any Indebtedness, except Permitted Indebtedness; (b) permit any Guarantor to create, incur, assume or permit to exist any Indebtedness, except its guarantee of the Bonds or its guarantee of other Permitted Indebtedness (other than Subordinated Indebtedness), and Intercompany Loans; or (c) permit any Unrestricted Subsidiary to create, incur, assume or permit to exist any Indebtedness, except Non-Recourse Obligations.

SECTION 6.9 Liens. The Issuer will not, nor will it permit any of the Guarantors to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Liens.

SECTION 6.10 Certain Obligations Respecting Subsidiaries.

(a) Guarantors. In the event that the Issuer shall form or acquire any new subsidiary that shall constitute a Subsidiary hereunder, it shall designate such new Subsidiary as a "Guarantor" or an "Unrestricted Subsidiary" and will cause each new Subsidiary designated as a Guarantor:

(i) to become an "Obligor" under the Security Agreement;

(ii) to take such action (including delivering such membership interests or other ownership interests, executing and delivering such Uniform Commercial Code financing statements) as shall be necessary to create and perfect valid and enforceable first priority Liens on substantially all of the personal property of such Guarantor on which a Lien is required to be created pursuant to the Security Agreement as collateral security for the obligations of such Guarantor hereunder; and

(iii) to take such action, from time to time as shall be necessary to ensure that any such Guarantor remain at all times a "Guarantor" hereunder except as otherwise permitted hereunder (including Sections 6.12 and 6.14).

(b) Ownership of Subsidiaries. The Issuer will, and will cause each of its Subsidiaries to, take such action from time to time as shall be necessary to ensure that the ownership of the Issuer in the voting equity interests of each of its Subsidiaries (other than Unrestricted Subsidiaries) shall at all times exceed 50% of all such voting equity interests. In the event that any additional membership interests shall be issued by any Subsidiary (other than an Unrestricted Subsidiary) to the Issuer, the Issuer agrees forthwith to deliver to the Collateral Agent pursuant to the Security Agreement the certificates evidencing such membership interests, accompanied by undated stock powers executed in blank and to take such other action as the Trustee shall request to perfect the security interest created therein pursuant to the Security Agreement.

SECTION 6.11 Restrictive Agreements. The Issuer will not, and will not permit any of the Guarantors to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Issuer or any Guarantor to create, incur or permit to exist any Lien upon any of its property or assets that is either (i) created under the Transaction Documents or (ii) in favor of the Issuer, or (b) the ability of any Guarantor to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Issuer or any other Guarantor or to Guarantee Indebtedness of the Issuer or any other Guarantor except such prohibition, restriction or condition existing under or by reason of: (1) applicable Law, (2) this Indenture or any Financing Document, (3) with respect to real property, customary non-assignment provisions of any contract or any lease governing a leasehold interest of any Guarantor, (4) any agreements

existing at the time of acquisition of any Person or the properties or assets of the Person so acquired, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired, (5) agreements listed on Schedule B hereof, (6) Liens incurred in accordance with Section 6.9 or 7.5 or (7) refinancing of indebtedness with respect to clauses (4) or (5).

SECTION 6.12 Prohibition on Sale of Assets. The Issuer will not, and will not, permit the Guarantors to, sell or otherwise dispose of any assets other than (i) transfers of assets among the Issuer and the Guarantors;

(ii) sales and dispositions in the ordinary course of business not in excess of $20,000,000 in the aggregate for the Issuer and the Guarantors in any fiscal year; (iii) any sales or dispositions of surplus, obsolete or worn-out equipment; (iv) any sales or dispositions required for compliance with applicable Law or necessary Governmental Approvals; (v) sales or dispositions of non-controlling ownership interests in Guarantors in accordance with Section 6.10(b) so long as the guarantee set forth herein with regard to such Guarantor stays in effect; (vi) sales or dispositions of ownership interests in Unrestricted Subsidiaries; (vii) any sales or dispositions of assets permitted under Section 6.14 or 7.11; and (viii) any other sale or other disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their respective ratings of the Bonds in effect immediately prior to such sale or other disposition.

SECTION 6.13 Modifications of Certain Documents. Without the prior consent of the Majority Holders, the Issuer will not agree or consent to nor allow any Guarantor to agree or consent to any termination, modification, supplement, replacement or waiver of any Transaction Document, unless such termination, modification, supplement, replacement or waiver could not, individually or collectively with all other such terminations, modifications, supplements, replacements and waivers, reasonably be expected to have a Material Adverse Effect.

SECTION 6.14 Prohibition on Fundamental Changes.

(a) Mergers, Consolidations, Disposal of Assets, Etc. Except as permitted under Section 6.12 (other than clause (vii) thereof) or Section 7.11 (other than clause (v) thereof), the Issuer will not, nor will it permit any of the Guarantors to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of its assets, or all or substantially all of the membership or other equity interests of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if as a result thereof no Default shall have occurred and be continuing, (i) any Subsidiary may merge into the Issuer in a transaction in which the Issuer is the surviving corporation, (ii) any Guarantor may merge into any Guarantor in a transaction in which the surviving entity is a Guarantor and the Issuer's economic interest in each merging Guarantor's assets shall not have been diminished as a result of such merger, (iii) any Guarantor may sell, transfer, lease or otherwise dispose of its assets to the Issuer or to another Guarantor (provided that the Issuer's economic interest in such assets is not diminished as a result thereof) and (iv) any Guarantor may liquidate or dissolve if the assets of such Guarantor are transferred to another Guarantor (provided that the Issuer's economic interest in such assets is not diminished

as a result thereof and the Issuer determines in good faith that such liquidation or dissolution is in the best interests of the Issuer and is not materially disadvantageous to the Holders).

(b) Lines of Business. The Issuer will not, nor will it permit any of the Guarantors to, engage to any material extent in any business other than, (i) in the case of the Issuer, the ownership of the Guarantors and the Unrestricted Subsidiaries and the ownership and operation of non-nuclear electric generating facilities and (ii) in the case of the Guarantors (including any Subsequent Guarantors), the ownership and operation of their respective Facilities and the ownership and operation of other non-nuclear electric generating facilities.

SECTION 6.15 Restricted Payments. The Issuer will not make, or agree to pay or make, directly or indirectly, any Restricted Payment, unless, at

the time of and after giving effect to such Restricted Payment (a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment; (b) the Debt Service Reserve Account is funded up to the Debt Service Reserve Requirement; (c) the Debt Service Coverage Ratio for the preceding four consecutive quarters (or such shorter period covering the quarters ended subsequent to the issuance of the Bonds, taken as a consecutive period) was not less than 1.50 to 1.0 in the case of any such period ending prior to December 31, 2003 or 1.70 to 1.0 for any such period ending thereafter; (d) the Projected Debt Service Coverage Ratio for the next succeeding eight calendar quarters (taken as two periods of four quarters and determined as of the beginning of the quarter during which the determination is made) is not less than 1.50 to 1.0 in the case of any such four quarter period ending prior to December 31, 2003 or 1.70 to 1.0 for any such four quarter period ending thereafter; and (e) the Issuer certifies that making the Restricted Payment would not reasonably be expected to have a Material Adverse Effect on the Issuer and the Guarantors taken as a whole. Restricted Payments by any Guarantor of the Issuer that is not a wholly-owned Subsidiary of the Issuer made otherwise than to the Issuer shall be subject to the restrictions set forth in clauses (a), (b) (c), (d) and (e) of the preceding sentence. Restricted Payments to the Issuer by any wholly-owned Subsidiary of the Issuer shall not be subject to any restrictions.

Notwithstanding the foregoing, the Issuer will not be restricted from (i) making payments to NRG Energy of any proceeds from treasury locks entered into by the Issuer on or prior to the Closing Date and (ii) the repayment on the date hereof of loans made by NRG Energy in connection with the Facilities located in Connecticut and assumed by the Issuer.

SECTION 6.16 Transactions with Affiliates. The Issuer will not, nor will it permit any of the Guarantors to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Issuer or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Issuer and the Guarantors not involving any other Affiliate, (c) any Restricted Payment permitted by Section 6.15 or 7.7, and (d) transactions that are contemplated by any Transaction Document or any extensions, renewals or replacements thereof that will not have a Material Adverse Effect.

Notwithstanding the foregoing, the restrictions set forth in this covenant shall not apply to (i) reasonable and customary directors' fees, indemnification and similar arrangements, consulting fees, employee salaries, bonuses or employment agreements, compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee of the Issuer or any Subsidiary entered into in the ordinary course of business, (ii) loans and advances to officers, directors and employees of the Issuer or any Subsidiary for reasonable travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business, (iii) the incurrence of intercompany Indebtedness which constitutes Permitted Indebtedness, (iv) transactions pursuant to agreements in effect on the date hereof, (v) the repayment to NRG Energy of funds money loaned by NRG Energy in connection with the transactions contemplated by the CL&P Acquisition Documents and (vi) the distribution to NRG Energy of any proceeds received by the Issuer in connection with any treasury locks entered into on or before the Closing Date.

SECTION 6.17 Investments. The Issuer will not, nor will it permit any of the Guarantors to, make or permit to remain outstanding any Investments except:

(a) Investments outstanding on the date hereof and identified on Schedule C;

(b) operating deposit accounts with banks;

(c) cash or Permitted Investments;

(d) Investments by the Issuer or the Guarantors in the Issuer or the Guarantors (including Investments by the Issuer in Intercompany Loans);

(e) Investments in another Person, if as a result of such Investment (A) such other Person becomes a Guarantor or (B) such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to the Issuer or a Guarantor;

(f) Investments representing capital stock or obligations issued to, the Issuer or any Guarantor in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Issuer or any Guarantor;

(g) Investments in the Bonds;

(h) Investments acquired by the Issuer or any of the Guarantors in connection with any asset sale permitted under Section 6.12, 6.14(a), 7.6(a) or 7.11 to the extent such Investments are non-cash proceeds as permitted under Section 6.12, 6.14(a), 7.6(a) or 7.11;

(i) any Investment to the extent that the consideration therefor is capital stock (other than redeemable capital stock) of the Issuer;

(j) Investments consisting of security deposits with utilities and other Persons made in the ordinary course of business;

(k) Hedging Agreements entered into in the ordinary course of business and not for speculative purposes;

(l) amounts constituting Restricted Payments which the Issuer would be permitted to make under Section 6.15 and the Guarantors would be permitted to make under Section 7.7; and

(m) additional Investments up to but not exceeding $10,000,000 in the aggregate.

For purposes of clause (m) of this Section, the aggregate amount of an Investment at any time shall be deemed to be equal to (A) the aggregate amount of cash, together with the aggregate fair market value of property, including any securities, loaned, advanced, contributed, transferred or otherwise invested that gives rise to such Investment minus (B) the aggregate amount of dividends, distributions or other payments received in cash in respect of such Investment; the amount of an Investment shall not in any event be reduced by reason of any write-off of such Investment nor increased by any increase in the amount of earnings retained in the Person in which such Investment is made that have not been dividend, distributed or otherwise paid out.

SECTION 6.18 EWG Status. The Issuer will take, or cause to be taken, all action required to maintain the Guarantors' status as "exempt wholesale generators" under Section 32(a) of PUHCA.

SECTION 6.19 Debt Service Reserve Account. The Issuer will maintain the Debt Service Reserve Account in accordance with Article 4 at all times until the termination of this Indenture.

SECTION 6.20 Rule 144A Information.

(a) Unless a registration statement shall have previously become effective with respect to the Bonds, at any time when the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of a Holder, the Issuer shall promptly furnish to such Holder or to a prospective purchaser of such Bond designated by such Holder, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance by such Holder with Rule 144A in connection with the resale of such Bond by such Holder.

(b) At any time after a registration statement with respect to the Bonds shall have been filed with and declared effective by the SEC, the Issuer shall provide to the such periodic and other reports that the Issuer is required to file pursuant to Sections 13 or 15(d) of the Exchange Act.

ARTICLE 7

COVENANTS OF THE GUARANTORS

Each Guarantor hereby covenants and agrees that so long as this Indenture is in effect and any Bonds remain Outstanding:

SECTION 7.1 Existence; Conduct of Business. Each Guarantor agrees that it will do or cause to be done all things necessary to preserve, renew and keep in full force and effect such Guarantor's legal existence as a limited liability company and all things reasonably necessary to preserve, renew and keep in full force and effect such Guarantor's rights, licenses, permits, privileges and franchises material to the conduct of such Guarantor's business as then conducted; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.6; provided, further, that any Guarantor may change its status as a limited liability company if the Rating Agencies confirm their then current ratings of the Bonds and such Guarantor otherwise complies with its obligations under the Financing Documents.

SECTION 7.2 Compliance with Laws and Contractual Obligations. Each Guarantor agrees that it will comply with all Laws (including Environmental Laws and ERISA matters) and all contractual obligations, in each case, as applicable to such Guarantor or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 7.3 Maintenance of Properties; Insurance. Each Guarantor agrees that it will (i) keep and maintain all property material to the conduct of such Guarantor's business in good working order and condition, ordinary wear and tear excepted; provided, however, that nothing in this Section shall prevent any Guarantor from disposing of any asset (subject to compliance with Section 7.6 or Section 7.11) or from discontinuing the operation or maintenance of any of such material properties if the Guarantor reasonably determines in good faith that such discontinuance is desirable in the conduct of its business and would not reasonably be expected to have a Material Adverse Effect, and (ii) maintain, with financially sound and reputable insurance companies, insurance with respect to each Facility in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations in accordance with

Prudent Industry Practices. Each Guarantor agrees that it will maintain insurance for risks customarily insured against by other enterprises with similar capital structures and owning and operating facilities of like size and type as that of the Facilities in accordance with Prudent Industry Practice.

SECTION 7.4 Indebtedness. Each Guarantor agrees that it will not create, incur, assume or permit to exist any Indebtedness, except Intercompany Loans, the Guarantees of the Bonds or guarantees of other Permitted Indebtedness (other than Subordinated Indebtedness).

SECTION 7.5 Liens. Each Guarantor agrees that it will not create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by such Guarantor, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Liens.

SECTION 7.6 Prohibition on Fundamental Changes.

(a) Mergers, Consolidations, Disposal of Assets, Etc. Except as permitted by Section 6.12 (other than clause (vii) thereof) or Section 7.11 (other than clause (v) thereof), each Guarantor agrees that it will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with such Guarantor, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of its assets (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that (i) each Guarantor may merge into a Subsidiary in a transaction in which such Guarantor is the surviving corporation, (ii) any Guarantor may merge into any other Guarantor in a transaction in which the surviving entity is a Guarantor, (iii) each Guarantor may sell, transfer, lease or otherwise dispose of such Guarantor's assets to the Issuer or to any other Guarantor and (iv) any Guarantor may liquidate or dissolve if the Issuer determines in good faith that such liquidation or dissolution is in the best interests of the Guarantor and is not materially disadvantageous to the Holders, provided that no Default shall have occurred and be continuing as a result of any of the events described in clauses (i), (ii) or (iii) above.

(b) Lines of Business. Each Guarantor agrees that it will not engage to any material extent in any business other than the ownership and operation of such Guarantor's respective Facilities or other non-nuclear electric generating facilities, provided that each Subsequent Guarantor agrees that it will not engage to any material extent in any business other than the ownership and operation of non-nuclear electric generating facilities.

SECTION 7.7 Restricted Payments. Each Guarantor agrees that it will not make, or agree to pay or make, directly or indirectly, any Restricted Payment, unless such payment is only (a) to the Issuer at any time or (b) to any future minority owners of the Guarantors only if at the time of such Restricted Payment the Issuer would itself be permitted to make the payment to such other minority owner as if such minority owner held a minority interest in the Issuer instead of such Guarantor.

SECTION 7.8 Transactions with Affiliates. Each Guarantor agrees that it will not sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of such Guarantor's Affiliates, except (a) transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Guarantor than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among such Guarantor and the Issuer or any of the other Guarantors not involving any other Affiliate, (c) any Restricted Payment permitted by

Section 6.15 or 7.7 and (d) transactions that are contemplated by any Transaction Document or any extensions, renewals or replacements thereof, if any such transaction would not reasonably be expected to result in a Material Adverse Effect.

Notwithstanding the foregoing, the restrictions set forth in this covenant shall not apply to (i) reasonable and customary directors' fees, indemnification and similar arrangements, consulting fees, employee salaries, bonuses or employment agreements, compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee of the Issuer or any Subsidiary entered into in the ordinary course of business, (ii) loans and advances to officers, directors and employees of the Issuer or any Subsidiary for

reasonable travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business, (iii) the incurrence of intercompany Indebtedness which constitutes Permitted Indebtedness and (iv) transactions pursuant to agreements in effect on the date hereof.

SECTION 7.9 Investments. Each Guarantor agrees that it will not make or permit to remain outstanding any Investments except:

(a) Investments outstanding on the date hereof and identified in Schedule C;

(b) operating deposit accounts with banks;

(c) cash or Permitted Investments;

(d) Investments by such Guarantor in the Issuer or other Guarantors;

(e) Investments in another Person, if as a result of such Investment (A) such other Person becomes a Guarantor or (B) such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to the Issuer or a Guarantor;

(f) Investments representing capital stock or obligations issued to, the Issuer or any Guarantor in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Issuer or any Guarantor;

(g) Investments in the Bonds;

(h) Investments acquired by any Guarantor in connection with any asset sale permitted under Section 6.12, 6.14, 7.6(a) or 7.11 to the extent such Investments are non-cash proceeds as permitted under Section 6.12, 6.14(a), 7.6(a) or 7.11;

(i) any Investment to the extent that the consideration therefor is capital stock (other than redeemable capital stock) of the Issuer;

(j) Investments consisting of security deposits with utilities and other like Persons made in the ordinary course of business;

(k) Hedging Agreements entered into in the ordinary course of business and not for speculative purposes;

(l) amounts constituting Restricted Payments which the Guarantor would otherwise be permitted to make to minority owners under

Section 7.7; and

(m) additional Investments up to but not exceeding $10,000,000 in the aggregate with respect to such Guarantor, the other Guarantors and the Issuer.

For purposes of clause (m) of this Section, the aggregate amount of an Investment at any time shall be deemed to be equal to (A) the aggregate amount of cash, together with the aggregate fair

market value of property, including any securities, loaned, advanced, contributed, transferred or otherwise invested that gives rise to such Investment minus (B) the aggregate amount of dividends, distributions or other payments received in cash in respect of such Investment; the amount of an Investment shall not in any event be reduced by reason of any write-off of such Investment nor increased by any increase in the amount of earnings retained in the Person in which such Investment is made that have not been dividend, distributed or otherwise paid out.

SECTION 7.10 Operation of Facilities. Each Guarantor agrees that it will operate or cause its respective Facility to be operated in accordance with Prudent Industry Practices.

SECTION 7.11 Prohibition on Sale of Assets. Each Guarantor agrees not to sell or otherwise dispose of any assets other than (i) transfers of assets between the Issuer and such Guarantor; (ii) sales and dispositions in the ordinary course of business not in excess of $20,000,000 in the aggregate for such Guarantor, any other Guarantor and the Issuer in any fiscal year; (iii) any sales or dispositions of surplus, obsolete or worn-out equipment; (iv) any sales or dispositions required for compliance with applicable Law or necessary Governmental Approvals; (v) any sales or dispositions of assets permitted under Section 6.14 or 7.6; or (vi) any other sale or other disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their respective ratings of the Bonds in effect immediately prior to such sale or other disposition.

SECTION 7.12 Modification of Certain Documents. Without the prior consent of the Majority Holders of all Outstanding Bonds, no Guarantor will agree or consent to any termination, modification, supplement, replacement or waiver of any Transaction Document, unless such termination, modification, supplement, replacement or waiver could not, individually or collectively with all other such terminations, modifications, supplements, replacements and waivers, reasonably be expected to have a Material Adverse Effect.

ARTICLE 8

REDEMPTION OF BONDS

SECTION 8.1 Optional Redemption; Redemption Price. The Issuer at its option, may, at any time, redeem the Bonds of any series, in whole or in part at the Redemption Price plus any premium set forth in the related Series Supplemental Indenture. Redemption of Bonds of any series shall be made in accordance with the terms of such Bonds and, to the extent that this Article does not conflict with such terms, the succeeding sections of this Article.

SECTION 8.2 Election or Requirement to Redeem; Notice to Trustee. The requirement or election of the Issuer to redeem any Bonds shall be

evidenced by an Issuer Order. If the Issuer has elected or is required to redeem any Bonds, the Issuer shall, at least 30 days but not more than 60 days prior to the date upon which notice of redemption is required to be given to the Holders pursuant to Section 8.4 hereof (unless a shorter period shall be satisfactory to the Trustee), deliver to the Trustee an Issuer Order specifying the date on which such redemption shall occur (the "Redemption Date") as determined in accordance with this Article 8, the series

and principal amount of Bonds to be redeemed and evidence that the moneys necessary for such redemption will be delivered to the Trustee not later than the Business Day prior to the Redemption Date. Upon receipt of any such Issuer Order with respect to a mandatory redemption, the Trustee shall establish a non-interest bearing special purpose trust account (the "Mandatory Redemption Account") into which shall be deposited by the Issuer not later than one Business Day prior to the Redemption Date, immediately available amounts to be held by the Trustee and applied to the redemption of such Bonds. As collateral security for the prompt and complete payment and performance when due of all its obligations with respect to the Bonds and under this Indenture, the Issuer has pledged, assigned, hypothecated and transferred to the Trustee for the benefit of the Holders a Lien on and security interest in and to the Mandatory Redemption Account. The Mandatory Redemption Account shall at all times be in the exclusive possession of, and under the exclusive dominion and control of, the Trustee. In the case of any redemption of Bonds prior to the expiration of any restriction on such redemption provided in the terms of such Bonds, the Series Supplemental Indenture relating thereto or elsewhere in this Indenture, the Issuer shall furnish the Trustee with an Officer's Certificate and Opinion of Counsel evidencing compliance with such restriction or condition.

SECTION 8.3 Mandatory Redemption; Selection of Bonds to Be Redeemed; Redemption Price.

(a) Unless otherwise provided in a Series Supplemental Indenture and in accordance with Section 7 of the Collateral Agency and Intercreditor Agreement, Outstanding Bonds shall be redeemed in whole or in part on a pro rata basis, prior to maturity, at the Redemption Price if (x) an Event of Loss shall occur and the Issuer has either (i) determined that the Affected Property cannot be rebuilt, repaired or restored or (ii) decided not to rebuild, repair or restore the Affected Property and (y) Loss Proceeds exceed $10,000,000. All Loss Proceeds in excess of $10,000,000 to be distributed for the benefit of the Holders after giving effect to the distribution of Loss Proceeds to the other Secured Parties under Section 7(d) of the Collateral Agency and Intercreditor Agreement, shall be applied to the pro rata redemption of the Bonds pursuant to this Section 8.3. The Redemption Date shall be any date during the 90-day period following the date of the Issuer's determination (x) that the Affected Property cannot be rebuilt, repaired or restored or (y) not to rebuild, repair or restore the Affected Property, as the case may be (taking into account the notice requirements set forth in Section 8.4).

(b) Unless otherwise provided in a Series Supplemental Indenture and in accordance with Section 7 of the Collateral Agency and Intercreditor Agreement, the Outstanding Bonds shall be redeemed in whole or in part prior to maturity at the Redemption Price if an Event of Loss shall occur and it has been determined that the Affected Property be rebuilt, repaired or restored and the amount of the Loss Proceeds, as the case may be, remaining after the payment of the actual total cost of such rebuilding, repair or restoration exceeds $5,000,000. The amount by which all of the Loss Proceeds exceeds the actual total cost of rebuilding, repairing or restoring the Affected Property which is in excess of $5,000,000 to be distributed for the benefit of the Holders after giving effect to the distribution of Loss Proceeds to the

other Secured Parties under Section 7(d) of the Collateral Agency and Intercreditor Agreement shall be applied by the Trustee to the pro rata redemption of the Bonds pursuant to this Article 8. The Redemption Date shall be any date during the 90-day period following the date of the delivery of an Officer's Certificate of the Issuer to the Trustee certifying completion

of the rebuilding, repair or restoration of the Affected Property (taking into account the notice requirements set forth in Section 8.4).

(c) Upon any redemption of the Bonds in accordance with this Section 8.3, the scheduled principal amortization of the Bonds of a series shall be reduced by an amount equal to the product of (x) the scheduled principal amortization of the Bonds of such series then in effect multiplied by (y) a fraction, the numerator of which is equal to the principal amount of the Outstanding Bonds of such series to be redeemed and the denominator of which is the principal amount of the Outstanding Bonds of such series immediately prior to such redemption.

(d) Except as otherwise specified in the Series Supplemental Indenture relating to the Bonds of a series, if less than all the Bonds of such series are to be redeemed pursuant to Section 8.3(a) or (b), the Bonds of such series shall be redeemed ratably by the Trustee from the Outstanding Bonds of such series not previously called for redemption in whole.

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

For the purpose of redemptions of any Bonds pursuant to clause (a) or (b) above, the Redemption Price shall equal the principal amount of such Bond Outstanding on the Redemption Date, plus interest accrued and unpaid to but excluding the Redemption Date.

SECTION 8.4 Notice of Redemption. Except as otherwise specified in the Series Supplemental Indenture relating to the Bonds of a series to be redeemed, notice of redemption shall be given to the Holders of Bonds of such series to be redeemed at least 30 days (unless a shorter period shall be satisfactory to the Trustee) but not more than 60 days prior to the Redemption Date. All notices of redemption shall state:

(a) the Redemption Price;

(b) the Redemption Date;

(c) if less than all of the Outstanding Bonds of any series are to be redeemed, the portion of the principal amount of each Bond of such series to be redeemed in part, and a statement that, on and after the Redemption Date, upon surrender of such Bond, a new Bond or Bonds of such series in principal amount equal to the remaining unpaid principal amount thereof will be issued;

(d) that on the Redemption Date, interest thereon will cease to accrue on and after said date;

(e) the Place or Places of Payment where such Bonds are to be surrendered for payment of the Redemption Price; and

(f) that the deposit by the Issuer with the Trustee of an amount of immediately available funds to pay the Bonds to be redeemed in full is a condition precedent to the Redemption.

Notice of redemption of Bonds to be redeemed shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer.

SECTION 8.5 Bonds 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 Bonds or portions thereof so to be redeemed shall, on the Redemption Date become due and payable, and from and after such date such Bonds or portions thereof shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with such notice, an amount in respect of such Bond or portion thereof shall be paid as provided therein; provided, however, that any payment of interest on any Bond the Scheduled Payment Date of which is on or prior to the Redemption Date shall be payable to the Holder of such Bond or one or more Predecessor Bonds, registered as such at the close of business on the related Regular Record Date according to the terms of such Bond and subject to the provisions of Section 2.10.

SECTION 8.6 Bonds Redeemed in Part. Any Bond that is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or its attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of such Bond without service charge, a new Bond or Bonds 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 remaining unpaid principal amount of the Bond so surrendered.

ARTICLE 9

REPURCHASE UPON CHANGE OF CONTROL

SECTION 9.1. Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder shall have the right to require the Issuer to repurchase all or any part of such Holder's Bonds at a purchase price in cash equal to 101% of the then Outstanding principal amount of a Bond, plus accrued and unpaid interest to but excluding the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date in accordance with the terms of this Indenture); provided, however, that notwithstanding the occurrence of a Change of Control, the Issuer shall not be obligated to purchase any Bond pursuant to this Section 9.1 to the extent that the Issuer has exercised its rights to redeem such Bond as described in Section 8.2.

(b) Within 30 days following any Change of Control, the Issuer shall mail a notice to each Holder with a copy thereof to the Trustee stating, among other things: (1) that a

Change of Control has occurred and that such Holder has the right to require the Issuer to purchase all or any portion of such Holder's Bonds at a purchase price in cash equal to 101% of the principal amount of such Bond, plus accrued and unpaid interest to but excluding the date of purchase (subject to the right of Holders of record on a Regular Record Date to receive interest due on the relevant Scheduled Payment Date in accordance with the terms of this Indenture); (2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization, each after giving effect to such Change of Control); (3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and (4) the instructions determined by the Issuer, consistent with this Section 9.1, that a Holder must follow in order to have its Bonds or any portion thereof purchased.

(c) The Issuer shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Bonds pursuant to this Section 9.1. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section 9.1, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations described above by virtue thereof.

ARTICLE 10

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 Events of Default. The term "Event of Default", whenever used herein, shall mean any of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or come about or be affected by operation of law, or be pursuant to or in compliance with any applicable Law), and any such event shall continue to be an Event of Default if and for so long as it shall not have been remedied:

(a) the Issuer defaults in the payment of any principal or interest on any Bond when the same becomes due and payable, whether by scheduled maturity or required redemption or by acceleration or otherwise, for 15 days or more;

(b) default in the performance or observance in any material respect of any other term, covenant, or obligation of the Issuer under this Indenture, not otherwise expressly defined as an Event of Default, and the continuance of such default for more than 60 days after the earliest to occur of (i) actual knowledge of an executive officer of the Issuer of such default, (ii) the time at which an executive officer of the Issuer should reasonably have had knowledge of such default or (iii) notice from the Trustee or the Holders of such default;

(c) default or defaults under one or more agreements, instruments, mortgages, bonds, debentures or other evidences of Indebtedness under which the Issuer or any Guarantor then has outstanding Indebtedness in excess of $15,000,000, individually or in the aggregate, and such default or defaults have resulted in the acceleration of the maturity of such Indebtedness and such acceleration has not been annulled or rescinded;

(d) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Issuer or any Guarantor or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or any Guarantor or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(e) the Issuer or any Guarantor shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for itself or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(f) any event described in clauses (d) or (e) above occurs with respect to NRG Energy, NRG Power Marketing, NRG Operations or any Operator (so long as such Operator continues to be Subsidiary of NRG Energy), in each case to the extent a party to any Transaction Document, and remains uncured for the grace periods provided in such clauses, provided, however, that in respect of such an event relating to any Operator, the Issuer shall have an additional 60-day period within which to enter into a replacement operating arrangement, and provided further, that in no case shall such an event in respect of an Operator constitute an Event of Default unless it has a Material Adverse Effect on the Issuer and the Guarantors taken as a whole;

(g) the Issuer or any Guarantor shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(h) one or more judgments for the payment of money in an aggregate amount in excess of $25,000,000 shall be rendered against the Issuer or any of the Guarantors or any combination thereof and the same shall remain undischarged or unpaid for a period of 60 consecutive days during which execution shall not be effectively stayed;

(i) the Issuer shall be terminated, dissolved or liquidated (as a matter of law or otherwise);

(j) the Liens created by the Collateral Documents shall at any time not constitute a valid and perfected Lien on the collateral intended to be covered thereby (to the extent perfection by filing, registration, recordation or possession is required herein or therein) in favor of the Trustee, free and clear of all other Liens (other than Liens permitted under this Indenture or under the respective Collateral Documents), or, except for expiration in

accordance with its terms, any of the Collateral Documents shall for whatever reason be terminated or cease to be in full force and effect, or the enforceability thereof shall be contested by any Obligor or Member;

(k) either (i) this Indenture or any other Financing Document is declared in a final non-appealable judgment to be unenforceable against the Issuer or any Guarantor or the Issuer or any Guarantor shall have expressly repudiated its obligations thereunder; or (ii) any other Transaction Document is declared in a final non-applicable judgment to be unenforceable against any party thereto, or any such party shall have expressly repudiated its obligations thereunder and ceased to perform such obligations, or defaulted in the performance or observance of any of its material obligations thereunder and such default has continued unremedied for a period of five days or more or any such party is the subject of any proceeding under the Federal Bankruptcy Code;

(l) default by the Issuer, any Guarantor or any counterparty under or invalidity of any Power Sales Agreement, Operation and Maintenance Agreement or Corporate Services Agreement, to the extent such default under or invalidity of any such agreement (x) continues for 30 consecutive days and (y) could reasonably be expected to have a Material Adverse Effect on the Issuer and the Guarantors taken as a whole; or

(m) failure to renew or replace any Operation and Maintenance Agreement (or to make a substantially similar arrangement with respect to the operation and maintenance of a Facility) upon (i) termination by a Guarantor or an Operator, after having given 180 days' notice of its intent to terminate, within 5 days of such termination, (ii) termination by any Guarantor, within 5 days of such termination, or (iii) termination by any Operator, within 30 days of such termination.

SECTION 10.2 Acceleration of Maturity; Rescission and Annulment. If an Event of Default described in paragraph (a) of Section 10.1 occurs and is continuing with respect to Bonds of any series, then and in each and every such case, unless the principal of all the Bonds of such series shall have already become due and payable, either the Trustee or the Holders of not less than 331/3% in aggregate principal amount of the Bonds of such series then Outstanding hereunder, or, in the event of any Event of Default described in paragraph (b), (c), (f), (h), (i), (j), (k), (l) or (m) of Section 10.1, the Majority Holders of Bonds of such series then outstanding hereunder, by notice in a writing to the Issuer (and to the Trustee if given by Holders), may declare the principal amount of all the Bonds of such series then Outstanding and all accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds of such series contained to the contrary notwithstanding. If an Event of Default described in paragraph (d), (e) or (g) of Section 10.1 occurs and is continuing, then and in each and every such case, the principal amount of the Bonds then Outstanding and all accrued interest thereon shall, without any notice to the Issuer or any other act on the part of the Trustee or any Holder of the Bonds, become and be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

At any time after such declaration of acceleration has been made with respect to the Bonds of any series and before a judgment or decree for payment of the money due has been

obtained by the Trustee as hereinafter in this Article provided, the Majority Holders of the Bonds of such series, by written notice to the Issuer and the Trustee, may receive and annul such declaration and its consequences if:

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

(A) all overdue installments of interest on the Bonds of such series,

(B) the principal of and premium, if any, on any Bonds of such series that have become due other than by such declaration of acceleration and interest thereon at the respective rates provided in the Bonds of such series 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 Bonds 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

(ii) all Events of Default, other than the nonpayment of the principal of the Bonds that has become due solely by such acceleration, have been cured or waived as provided in Section 10.12.

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

SECTION 10.3 Trustee May File Proofs of Claim; Appointment of Trustee as Attorney-in-Fact in Judicial Proceedings. In case of pendency in any receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or any other judicial proceedings relating to the Issuer or any obligor on the Bonds or the property of the Issuer or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds 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 on the Issuer for payment of overdue principal or interest) shall be entitled and empowered by intervention in such proceedings or otherwise

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owed and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 10.4) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute same;

and any receiver, assignee, trustee, liquidator or sequestrator in any such judicial proceeding is hereby authorized by each Holder to make such payment 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, and any other amounts due the Trustee under Section 10.5.

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

SECTION 10.4 Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds of any series may be prosecuted and enforced by the Trustee without the possession of any of the Bonds of such series or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, be for the ratable benefit of the Holders of the Bonds of the series in respect of which such judgment has been recovered.

SECTION 10.5 Application of Money Collected. Any money collected by the Trustee with respect to a series of Bonds pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds of such series and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 11.5.

SECOND: To the payment of the amounts then due and unpaid upon the Bonds of that series for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably among Bonds within each series and among the series, without preference or priority of any kind, according to the amounts due and payable on such Bonds for principal (and premium, if any) and interest, respectively.

SECTION 10.6 Limitation on Suits. No Holder of any Bond of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or the Bonds or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to Bonds of such series;

(b) the Holders of not less than 25% in aggregate principal amount of then Outstanding Bonds of such series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Majority Holders of such series;

it being understood and intended that no one or more Holders of Bonds of such series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Bonds of such series, or to obtain or to seek to obtain priority or preference over any other such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and proportionate benefit of all the Holders of all Bonds of such series.

SECTION 10.7 Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provisions in this Indenture, the Holder of any Bond shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective maturities expressed in such Bond (or, in the case of redemption or repayment, on the Redemption Date or Repayment Date, as the case may be) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 10.8 Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 10.9 Rights and Remedies Cumulative. Except as otherwise provided in the last paragraph of Section 2.9, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 10.10 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Bond to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law 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, as the case may be. No waiver of any Event of

Default, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent Event of Default or shall impair any remedy or right consequent thereon.

SECTION 10.11 Control by Holders. The Holders of a majority in principal amount of then Outstanding Bonds of any series 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 with respect to the Bonds of such series; provided that

(a) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture or if the Trustee in good faith shall, by a Responsible Officer, determine that the proceedings so directed would involve it in personal liability or it reasonably believes it will not adequately be indemnified against the costs, expenses and liabilities which might be incurred by it in complying with its request or be unjustly prejudicial to the Holders not taking part in such direction, and

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

SECTION 10.12 Waiver of Past Defaults. The Majority Holders of any series may on behalf of the Holders of all the Bonds of such series waive any past default hereunder with respect to such series and its consequences, except a default not theretofore cured

(a) in the payment of the principal of (or premium, if any) or interest on any Bond of such series, or in the payment of any sinking or purchase fund or analogous obligation with respect to the Bonds of such series, or

(b) in respect of a covenant or provision hereof which under Article 14 cannot be modified or amended without the consent of the Holder of each Outstanding Bond of such series.

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 10.13 Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Bond by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any part litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of then Outstanding Bonds of any

series to which the suit relates, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective maturities expressed in such

Bond (or, in the case of redemption or repayment, on or after the Redemption Date or Repayment Date).

SECTION 10.14 Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 11

CONCERNING THE TRUSTEE

SECTION 11.1 Certain Rights and Duties of Trustee. The Trustee, prior to the occurrence of an Event of Default and after curing or waiving all Events of Default that may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Except as otherwise provided in Section 315 of the Trust Indenture Act:

(a) The Trustee may conclusively rely and shall be fully protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties; but in the case of any such certificates or opinions which by the provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture but need not verify the contents thereof.

(b) Any request, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an Officer's Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors shall be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Issuer.

(c) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture, and may refuse to perform any duty or exercise any

such rights or powers unless it shall have been offered reasonable security or indemnity to its satisfaction against the costs, expenses and liabilities which may reasonably be incurred therein or thereby.

(d) The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture or with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Holders holding a sufficient percentage of Bonds to give such direction as permitted by this Indenture.

(e) Prior to the occurrence of an Event of Default with respect to any series of Bonds hereunder and after the curing or waiving of all Events of Default with respect to such series of Bonds 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, consent, order, approval, appraisal, bond, debenture or other paper or document with respect to such series of Bonds unless requested in writing so to do by the Holders of not less than a majority in aggregate principal amount of the Bonds of such series then Outstanding; provided that, if the payment within a reasonable time to the Trustee of the reasonable costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such investigation shall be paid by the Issuer or, if paid by the Trustee, shall be repaid by the Issuer upon demand.

(f) 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 or under any Collateral Document.

(g) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts or the action or failure to act by such Responsible Officers was unreasonable.

(h) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the Issuer given under this Agreement.

(i) 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, consent, entitlement order, approval or other paper or document.

(j) The Trustee shall have no obligation to invest and reinvest any cash held pursuant to this Agreement in the absence of timely and specific written investment

direction from the Issuer. In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated

maturity or the failure of the Issuer to provide timely written investment direction.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be a reasonable ground for believing that the repayment of such funds or indemnity satisfactory to it against such liability is not reasonably assured to it.

The Trustee may consult with counsel and the written advice or opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such written advice or opinion of counsel.

SECTION 11.2 Trustee Not Responsible for Recitals, Etc. The recitals contained herein and in the Bonds, except the Trustee's certificate of authentication, shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Collateral or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of any of the Bonds or of the proceeds of such Bonds.

SECTION 11.3 Trustee and Others May Hold Bonds. The Trustee or any Paying Agent or Security Registrar or any other Authorized Agent of the Trustee, or any Affiliate thereof, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer, or any other obligor on the Bonds with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other Authorized Agent.

SECTION 11.4 Moneys Held by Trustee or Paying Agent. All moneys received by the Trustee or any Paying Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but, other than the Mandatory Redemption Account, need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received by it hereunder except such as it may agree in writing with the Issuer to pay thereon.

SECTION 11.5 Compensation of Trustee and Its Lien. For so long as any of the Bonds shall remain outstanding, the Issuer covenants and agrees to pay to the Trustee (all references in this Section 11.5 to the Trustee shall be deemed to apply to the Trustee in its capacities as Trustee, Paying Agent and Security Registrar) from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder (which shall be agreed to from time to time by the Issuer and the Trustee and which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and, except as herein otherwise expressly provided, the Issuer will pay or reimburse the Trustee upon its request for all reasonable expenses and disbursements incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation

and the reasonable expenses, advances and disbursements of its counsel and of all persons not regularly in its employ) except any such expense or disbursement as may arise from its gross negligence or bad faith. The Issuer also covenants and agrees to indemnify the Trustee for, defend, and hold harmless the Trustee and its officers, directors, employees, representatives and agents from and against, any loss, liability, claim, damage or expense incurred without gross negligence or bad faith on the part of the Trustee or any of its employees, officers or agents, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder and this Indenture, including

liability which the Trustee may incur as a result of failure to withhold, pay or report Taxes and including the costs and expenses of defending itself against any claim or liability in the premises and including, without limitation, any loss, liability, claim, damage or expense relating to or arising out of any Environmental Law. The obligations of the Issuer under this Section shall constitute additional Indebtedness hereunder. In no event shall the Trustee be liable for special, indirect or consequential loss or damages whatsoever (including, but not limited to lost profits), even if the Trustee has been advised of the likelihood of such damage and regardless of the form of action taken.

The obligations of the Issuer under this Section 11.5 shall survive payment in full of the Bonds, the resignation or removal of the Trustee and the termination of this Indenture.

When the Trustee or any predecessor Trustee incurs expenses or renders services in connection with the performance of its obligations hereunder (including its services as paying agent, if so appointed by the Issuer) after an Event of Default specified in Section 10.1(f) or (a) occurs, the expenses and compensation for such services are intended to constitute expenses of administration under applicable bankruptcy, insolvency or other similar United States Federal or state law to the extent provided in Section 503(b)(5) of the Federal Bankruptcy Code.

SECTION 11.6 Right of Trustee to Rely on Officer's Certificates and Opinions of Counsel. Before the Trustee acts or refrains from acting with respect to any matter contemplated by this Indenture, it may require an Officer's Certificate of the Issuer or an Opinion of Counsel, which shall conform to the provisions of Section 1.3. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion as set forth in Section 11.1(g).

SECTION 11.7 Persons Eligible for Appointment As Trustee. There shall at all times be a Trustee hereunder which shall at all times be a corporation which complies with the eligibility requirements of the Trust Indenture Act, having a combined capital and surplus of at least $100,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of a supervising or examining authority referred to in Section 310(a) of the Trust Indenture Act, then for the purposes of this Section 11.7, 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. In case at any time the Trustee shall cease to be eligible in accordance with this Section 11.7, the Trustee shall resign immediately in the manner and with the effect specified in Section 11.8.

SECTION 11.8 Resignation and Removal of Trustee; Appointment of Successor.

(a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to any one or more or all series of Bonds by giving written notice to the Issuer and by giving notice of such resignation to the Holders of Bonds in the manner provided in Section 1.5.

(b) In case at any time any of the following shall occur with respect to any series of Bonds:

(1) the Trustee shall fail to comply with the provisions of Section 310(b) of the Trust Indenture Act, after written request thereafter by the Issuer or by any Security holder who has been a bona

fide Holder of a Bond or Bonds for at least six months,

(2) the Trustee shall cease to be eligible under Section 11.7 and shall fail to resign after written request therefor by the Issuer or by any Holder of a Bond or Bonds of such Series, or

(3) the Trustee shall become incapable of acting, or shall be adjudged 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, (A) the Issuer may remove the Trustee with respect to the applicable series of Bonds, and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors of the Issuer, or (B) subject to the requirements of Section 315(e) of the Trust Indenture Act, any Holder who has been a bona fide Holder of a Bond or Bonds of any such series 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 with respect to such series of Bonds. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor Trustee with respect to such series of Bonds.

(c) The Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding may at any time remove the Trustee and appoint a successor Trustee by delivering to the Trustee so removed, to the successor Trustee so appointed and to the Issuer, the evidence provided for in Section 11.1 of the action taken by the Holders, provided that unless a Default or Event of Default shall have occurred and be continuing, the Issuer shall consent (such consent not to be unreasonably withheld).

(d) If the Trustee shall resign, be removed, or become incapable of acting or if a vacancy shall occur in the office of Trustee with respect to Bonds of any series for any cause, the Issuer shall promptly appoint a successor Trustee or Trustees with respect to the applicable series of Bonds by written instrument, in duplicate, executed by order of the Board of Directors of the Issuer, one copy of which instrument shall be delivered to the former Trustee and one copy to the successor Trustee. If no successor Trustee shall have been so appointed with respect to a particular series and have accepted such appointment pursuant to Section 11.9 within 30 days after the mailing of such notice of resignation or removal, the former Trustee may petition any

court of competent jurisdiction for the appointment of a successor Trustee, or any Holder who has been a bona fide Holder of a Bond or Bonds of the applicable series for at least six months may, subject to the requirements of Section 315(e) of the Trust Indenture Act, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

(e) Any resignation or removal of the Trustee and any appointment of a successor Trustee pursuant to this Section shall become effective only upon acceptance of appointment by the successor Trustee as provided in Section 11.9.

SECTION 11.9 Acceptance of Appointment by Successor Trustee. Any successor Trustee appointed under Section 11.8 shall execute, acknowledge and deliver to the Issuer and to its predecessor Trustee with respect to any or all applicable series of Bonds an instrument accepting such appointment

hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations with respect to such series of its predecessor Trustee hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Issuer or of the successor Trustee, the Trustee ceasing to act shall, upon payment of any such amounts then due it pursuant to the provisions of Section 11.5, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts with respect to such series of the Trustee so ceasing to act. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to Section 11.5.

In the case of the appointment hereunder of a successor Trustee with respect to the Bonds of one or more (but not all) series, the Issuer, the predecessor Trustee and each successor Trustee with respect to the Bonds of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such mutually agreeable provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Bonds of any series as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and shall, by mutual agreement, add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-Trustees of the same trust and that each such Trustee shall be Trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee.

No successor Trustee with respect to any series of Bonds shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall with respect to such series be eligible under Section 11.7.

Upon acceptance of appointment by a successor Trustee with respect to the Bonds of any series, the Issuer shall give notice of the succession of such Trustee hereunder to the Holders of Bonds in the manner provided in Section 1.5. If the Issuer fails to give such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Issuer.

SECTION 11.10 Merger, Conversion or Consolidation of Trustee. Any Person 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 Person succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such successor Trustee shall be qualified under the Trust Indenture Act and eligible under the provisions of Section 11.7 hereof and Section 310(a) of the Trust Indenture Act.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Bonds shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver

such Bonds so authenticated and, in case at that time any of the Bonds shall not have been authenticated, any successor to the Trustee may authenticate such Bonds either in the name of any predecessor hereunder or in the name of the successor trustee, and in such cases such certificate shall have the full force which it is anywhere in the Bonds or in this Indenture provided that the certificate of the Trustee shall have; provided that the right to adopt the certificate of authentication of any predecessor Trustee or the authenticate Bonds in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 11.11 Maintenance of Offices and Agencies.

(a) There shall at all times be maintained in the Borough of Manhattan, the City of New York, and in such other Places of Payment, if any, as shall be specified for the Bonds of any series in the related Series Supplemental Indenture, an office or agency where Bonds may be presented or surrendered for registration of transfer or exchange and for payment of principal, premium, if any, and interest. Such office shall be initially:

The Chase Manhattan Bank
450 W. 33rd Street
New York, NY 10001

Notices and demands to or upon the Trustee in respect of the Bonds or this Indenture may be served at the Corporate Trust Office. Written notice of the location of each of such other office or agency and of any change of location thereof shall be given by the Issuer to the Trustee and by the Trustee to the Holders in the manner specified in Section 1.5. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations, surrenders and demands may be made and notices may be served at the Corporate Trust Office.

(b) There shall at all times be a Security Registrar and a Paying Agent hereunder. In addition, at any time when any Bonds remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to the Bonds of one or more series which shall be authorized to act on behalf of the Trustee to authenticate Bonds of such series issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 2.9, and Bonds 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 Bonds 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 Bonds of one or more series shall be made pursuant to this Section 11.11(b), the Bonds of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This Bond is one of the series of Bonds referred to in the within-mentioned Indenture.

Trustee

By

Authenticating Agent

By

Authorized Signatory

Any Authorized Agent shall be a bank or trust company, shall be a Person organized and doing business under the laws of the United States or any State thereof, with a combined capital and surplus of at least $100,000,000, and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by United States Federal or state authorities. If such Authorized Agent publishes reports of its 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 11.11, 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 11.11, such Authorized Agent shall resign immediately in the manner and with the effect specified in this Section 11.11.

The Trustee at its office specified in the first paragraph of this Indenture, is hereby appointed as Paying Agent and Security Registrar hereunder.

(c) Any Paying Agent (other than the Trustee) from time to time appointed hereunder shall execute and deliver to the Trustee an instrument in which said Paying Agent shall agree with the Trustee, subject to the provisions of this Section 11.11, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, and premium, if any, and interest on Bonds 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;

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

(iii) 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.

(d) Any Person into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any Person 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 Person is otherwise eligible under this Section 11.11, 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 Person.

(e) Any Authorized Agent may at any time resign by giving

written notice of resignation to the Trustee and the Issuer. The Issuer may, and at the request of the Trustee shall, at any time, terminate the agency of any Authorized Agent by giving written notice of such termination to the 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 11.11 (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Issuer shall promptly appoint one or more qualified successor Authorized Agents approved by the Trustee 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 11.11. The Issuer shall give written notice of any such appointment to all Holders as their names and addresses appear on the Security Register.

SECTION 11.12 Reports by Trustee. On or before March 15 in every year, so long as any Bonds are Outstanding hereunder, the Trustee shall transmit to the Holders a brief report, dated as of the preceding December 31, to the extent required by Section 313 of the Trust Indenture Act in accordance with the procedures set forth in said Section. A copy of such report at the time of its mailing to Holders shall be filed with the SEC and each stock exchange, if any, on which the Bonds are listed. The Issuer shall promptly notify the Trustee if the Bonds become listed on any stock exchange, and the Trustee shall comply with Section 313(d) of the Trust Indenture Act.

SECTION 11.13 Trustee Risk. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it. Whether or not expressly provided herein, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to Section 11.1 and the requirements of the Trust Indenture Act.

SECTION 11.14 Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction, denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or any Transaction Document, and in particular in case of the enforcement of any such document on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 11.14 are adopted to these ends.

SECTION 11.15 Knowledge of Default. In no event shall the Trustee be deemed to have knowledge of an Event of Default unless it has received written notice or a Responsible Officer has actual knowledge thereof.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate

or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

ARTICLE 12

CONCERNING THE HOLDERS

SECTION 12.1 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 (collectively, an "Act" of such Holders, which term also shall refer to the instruments or record evidencing or embodying the same) 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 and evidenced by the record of Holders of Bonds voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Bonds duly called and held in accordance with the provisions of Article 13, 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 when it is specifically required herein, to the Issuer. 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 11.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section 12.1. The record of any meeting of Holders of Bonds shall be proved in the manner provided in Section 13.6.

(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 public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to such officer the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer, and where such execution is by an officer of a corporation or association or of a Issuer, on behalf of such corporation, association or Issuer, such certificate or affidavit shall also constitute sufficient proof of such Person's 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 Bonds 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 Act by the Holder of any Bond (i) shall bind every

future Holder of the same Bond and the Holder of every Bond issued upon the transfer thereof or the exchange therefor or in lieu thereof, whether or not notation of such action is made upon such Bond, and (ii) shall be valid notwithstanding that such Act is taken in connection with the transfer of such Bond to any other Person, including the Issuer or any Affiliate thereof.

(e) Until such time as written instruments shall have been delivered with respect to the requisite percentage of principal amount of Bonds for the Act contemplated by such instruments, any such instrument executed and delivered by or on behalf of a Holder of Bonds may be revoked with respect to any or all of such Bonds by written notice by such Holder (or its

duly appointed agent) or any subsequent Holder (or its duly appointed agent), proven in the manner in which such instrument was proven unless such instrument is by its terms expressly irrevocable.

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

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to sign any instrument evidencing or embodying an Act of the Holders. If a record date is fixed, those Persons who were Holders at such record date (or their duly appointed agents), and only those Persons, shall be entitled to sign any such instrument evidencing or embodying an Act of Holders or to revoke any such instrument previously signed, whether or not such Persons continue to be Holders after such record date. No such instrument shall be valid or effective if signed more than 90 days after such record date, and may be revoked as provided in paragraph (e) above.

SECTION 12.2 Bonds Owned by Issuer and Affiliates Deemed Not Outstanding. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any request, demand, authorization, direction, notice, consent and waiver or other act under this Indenture, Bonds which are owned by the Issuer, any Partner or any Affiliate of any of the foregoing shall be disregarded and deemed not to be Outstanding for the purpose of any such determination except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds for which a Responsible Officer of the Trustee has received written notice of such ownership as conclusively evidenced by the Security Register shall be so disregarded. The Issuer shall furnish the Trustee, upon its reasonable request, with a list of such Affiliates. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Trustee that the pledgee has the right to vote such Bonds and that the pledgee is not an Affiliate of the Issuer. Subject to the provisions of Section 315 of the Trust Indenture Act, in case of a dispute as to such right, any decision by the Trustee, taken upon the advice of counsel, shall be full protection to the Trustee.

ARTICLE 13

HOLDERS' MEETINGS

SECTION 13.1 Purposes for Which Holders' Meetings May Be Called. A meeting of Holders may be called at any time and from time to time pursuant to this Article 13 for any of the following purposes:

(a) to give any notice to the Issuer or to the Trustee, or to give any directions to the Trustee, or to waive or to consent to the waiving of any default hereunder and its

consequences, or to take any other action authorized to be taken by Holders pursuant to Article 10;

(b) to remove the Trustee and appoint a successor Trustee pursuant to Article 11;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to Section 14.2; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds under any other provision of this Indenture or under applicable law.

SECTION 13.2 Issuer and Holders May Call Meeting. In case the Issuer, pursuant to a Board Resolution, or the Holders of at least 10% in aggregate principal amount of the Bonds of any series then Outstanding shall have requested the Trustee to call a meeting of Holders of such series, by written request setting forth in general terms the action proposed to be taken at the meeting, and the Trustee shall not have made the mailing of the notice of such meeting within 20 days after receipt of such request, then the Issuer or the Holders of such Bonds in the amount above specified may determine the time and the place in the Borough of Manhattan, The City of New York, for such meeting and may call such meeting to take any action authorized in Section 13.1 by giving notice thereof as provided in Section 13.2.

SECTION 13.3 Persons Entitled to Vote at Meeting. To be entitled to vote at any meeting of Holders a person shall be (a) Holder of one or more Bonds with respect to which such meeting is being held or (b) a person appointed by an instrument in writing as proxy for the Holder or Holders of such Bonds by a Holder of one or more such Bonds. The only persons who shall be entitled to be present or to speak at any meeting of Holders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Issuer and its counsel.

SECTION 13.4 Determination of Voting Rights; Conduct and Adjournment of Meeting. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Bonds 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 think fit. 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 12.1 or other proof. Except as otherwise permitted or required by any such regulations, the holding of Bonds shall be proved in the manner specified in Section 12.1 and the

appointment of any proxy shall be proved in the manner specified in said Section 12.1 or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker, trust company or firm satisfactory to the Trustee.

The Issuer or the Holders calling the meeting, as the case may be, shall appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be

elected by vote of the Holders of a majority in aggregate principal amount of the Bonds represented at the meeting and entitled to vote.

Subject to the provisions of Section 12.2, at any meeting each Holder of a series or proxy shall be entitled to one vote for each $1,000 principal amount of Bonds of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Bond 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 other than by virtue of Bonds of such series held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Holders of such series. Any meeting of Holders duly called pursuant to Section 13.2 may be adjourned from time to time, and the meeting may be held as so adjourned without further notice. At any meeting, the presence of persons holding or representing Bonds with respect to which such meeting is being held in an aggregate principal amount sufficient to take action upon the business for the transaction of which such meeting was called shall be necessary to constitute a quorum; but, if less than a quorum be present, the persons holding or representing a majority of the Bonds represented at the meeting may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present.

SECTION 13.5 Counting Votes and Recording Action of Meeting. The vote upon any resolution submitted to any meeting of Holders of a series shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds of such series or of their representatives by proxy and the serial numbers and principal amounts of the Bonds of such series 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 duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders 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. The record shall show the serial numbers of the Bonds voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Issuer and the other 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.

ARTICLE 14

SUPPLEMENTAL INDENTURES

SECTION 14.1 Supplemental Indentures Without Consent of Holders. Without the consent of the Holders of any Bonds, the Issuer, when authorized by a Board Resolution (a copy of which shall be delivered to the Trustee), and the Trustee, at any time and from time to

time, may enter into one or more indentures supplemental hereto in form satisfactory to the Trustee or enter into any consent with respect to the Collateral Documents for any of the following purposes:

(a) to establish the form and terms of Bonds of any series permitted by Sections 2.1 and 2.3; 1 or

(b) to evidence the succession of another entity to the Issuer and the assumption by any such successor of the covenants of the Issuer herein contained; or

(c) to evidence the succession of a new Trustee hereunder pursuant to Section 11.9; or

(d) to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as the Board of Directors shall consider to be for the protection of the Holders of Bonds, and to make the occurrence, or the occurrence and continuance of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided that in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee due solely to such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Bonds to waive such an Event of Default; or

(e) to convey, transfer and assign to the Trustee properties or assets to secure the Bonds, and to correct or amplify the description of any property at any time subject to this Indenture or the Collateral Documents or to assure, convey and confirm unto the Trustee any property subject or required to be subject to this Indenture or the Collateral Documents; or

(f) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to qualify, requalify or continue the qualification of this Indenture (including any supplemental indenture) under the Trust Indenture Act, or under any similar United States Federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this instrument was executed or any corresponding provision in any similar United States Federal statute hereafter enacted; or

(g) to permit or facilitate the issuance of Bonds in uncertificated form; or

(h) to change or eliminate any provision of this Indenture or

the Collateral Documents; provided, however, that if such change or elimination shall adversely affect the interests of the Holders of Bonds of any series, such change or elimination shall not become effective with respect to such series; or

(i) to cure any ambiguity, to correct or supplement any provision in the Indenture or the Collateral Documents that 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 or the Collateral Documents, provided such action shall not adversely affect the interest of the Holders of any series in any material respect; or

(j) to provide for the issuance of exchange securities, as contemplated by the Registration Rights Agreement, and to make such other changes to the Indenture or the Collateral Documents as the Board of Directors of the Issuer determines are necessary or appropriate in connection therewith, provided such action shall not adversely affect the interests of the Holders of Bonds of any series in any material respect.

SECTION 14.2 Supplemental Indenture with Consent of Holders. With the consent of the Majority Holders of Bonds of all series then Outstanding, considered as one class, by Act of said Holders delivered to the Issuer and the Trustee, the Issuer, when authorized by a Board Resolution (a copy of which shall be delivered to the Trustee), may, and the Trustee, subject to Sections 14.3 and 14.4, shall, enter into an indenture or indentures supplemental hereto for the purpose of adding any mutually agreeable provisions to or changing in any manner or eliminating any of the provisions of, this Indenture; provided, however, that if there shall be Bonds of more than one series Outstanding hereunder and if a proposed supplemental indenture shall directly affect the rights of the Holders of one or more, but less than all, of such series, then the consent only of the Holders of not less than a Majority in aggregate principal amount of the Outstanding Bonds 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 Bond directly affected thereby,

(a) change any Scheduled Payment Date, or the dates or circumstances of payment of premium, if any, on any Bond, or change 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 Bond 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 Scheduled Payment Date for such payment (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 in respect of such Bonds; or

(b) except to the extent expressly permitted by this Indenture or any of the Collateral Documents, permit the creation of any Lien prior to or, except as contemplated by Section 6.16, pari passu with the Lien of the Collateral Documents with respect to any of the Collateral, terminate the Lien of the Collateral Documents on any Collateral or deprive any Holder of the security afforded by the Lien

of the Collateral Documents; or

(c) reduce the percentage in principal amount of the Outstanding Bonds, 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

(d) modify any of the provisions of Section 10.12 or of this Section 14.2.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture or any Collateral Document which has expressly been included solely for the benefit of one or more particular series of Bonds, or which modifies the rights of the Holders of Bonds 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 Bonds of any other series.

Upon receipt by the Trustee of Board Resolutions 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 14.3 and 14.4.

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 14.3 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by any Series Supplemental Indenture or other supplemental indenture permitted by this Article 14 or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 11.1) 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 and all conditions precedent to the execution of such supplemental indenture have been met.

SECTION 14.4 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article 14, 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 Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 14.5 Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article 14 shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 14.6 Reference in Bonds to Supplemental Indentures. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article 14 may, and shall if required by the Issuer, bear a notation in form approved by the Issuer as to any matter provided for in such supplemental indenture; and, in such case, suitable notation may be made upon Outstanding Bonds after proper presentation and demand. If the Issuer shall

so determine, new Bonds so modified as to conform, in the opinion of the Issuer and the Trustee, to any such supplemental indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE 15

SATISFACTION AND DISCHARGE

SECTION 15.1 Satisfaction and Discharge of Bonds. Except as otherwise provided with respect to the Bonds of any series in the Series Supplemental Indenture relating thereto, the Bonds of such series shall, on or prior to the Scheduled Payment Date with respect to the final installment of principal thereof, be deemed to have been paid for all purposes of this Indenture, and the entire Debt of the Issuer in respect thereof shall be deemed to have been satisfied and discharged, upon satisfaction of the following conditions:

(a) the Issuer shall have irrevocably deposited or caused to be 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 the Bonds of such series on and prior to the Scheduled Payment Date with respect to the final installment of principal thereof or upon redemption;

(b) if any such deposit of money shall have been made prior to the Scheduled Payment Date with respect to the final installment of principal or the Redemption Date of such Bonds, the Issuer shall have delivered to the Trustee a Issuer Order stating that such money shall be held by the Trustee, in trust;

(c) in the case of redemption of Bonds, the Issuer Order with respect to such redemption pursuant to Article 8 shall have been given to the Trustee; and

(d) there shall have been delivered to the Trustee an Opinion of Counsel to the effect that such satisfaction and discharge of the Debt of the Issuer with respect to the Bonds of such series shall not be deemed to be, or result in, a taxable event with respect to the Holders of such series for purposes of United States federal income taxation unless the Trustee shall have received documentary evidence that each Holder of such series either is not subject to, or is exempt from, United States federal income taxation.

Upon satisfaction of the aforesaid conditions with respect to the Bonds of any series, the Trustee shall, upon receipt of a Issuer Order, execute proper instruments acknowledging satisfaction and discharge of the series of Bonds.

In the event that Bonds which shall be deemed to have been paid as provided in this Section 15.1 do not mature and are not to be redeemed within the 60-day period commencing on the date of the deposit with the Trustee of moneys, the Issuer shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Bonds, to the Holders of such Bonds to the effect that such Bonds are deemed to have been paid and the circumstances thereof.

Notwithstanding the satisfaction and discharge of any Bonds as aforesaid, the obligations of the Issuer and the Trustee in respect of such Bonds under Sections 2.8, 2.9, 2.10 and 11.5 and this Article 15 shall survive.

SECTION 15.2 Satisfaction and Discharge of Indenture. This Indenture shall upon Issuer Order cease to be of further effect (except as hereinafter expressly provided), and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either

(i) all Bonds theretofore authenticated and delivered (other than (A) Bonds which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9 and (B) Bonds deemed to have been paid in accordance with Section 15.1) have been delivered to the Trustee for cancellation; or

(ii) all Bonds not theretofore delivered to the Trustee for cancellation shall be deemed to have been paid in accordance with Section 15.1;

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

(c) the Issuer has delivered to the Trustee an Officer's 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 Issuer Order, execute proper instruments acknowledging satisfaction and discharge of the Indenture and take all other action reasonably requested by the Issuer to evidence the termination of any and all Liens created by or with respect to this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture as aforesaid, the obligations of the Issuer and the Trustee under Sections 2.8, 2.9, 2.10 and 11.5 and this Article 15 shall survive.

Upon satisfaction and discharge of this Indenture as provided in this Section 15.2, the Trustee shall assign, transfer and turn over to or upon the order of the Issuer, any and all money, securities and other property then held by the Trustee for the benefit of the Holders, other than money deposited with the Trustee pursuant to Section 15.1(a) and interest and other amounts earned or received thereon.

SECTION 15.3 Application of Trust Money. The money deposited with the Trustee pursuant to Section 15.1 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 Bonds or portions of principal amount thereof in respect of which such deposit was made.

ARTICLE 16

DEFEASANCE

SECTION 16.1 Defeasance.

(a) Subject to Sections 16.1(b) and 16.2, the Issuer at any time may terminate (i) all its obligations under this Indenture, the Bonds and the Collateral Documents (a "Legal Defeasance") or (ii) any of its covenants, other than its obligation to make payments on the Bonds pursuant to Section 2.10 (a "Covenant Defeasance"). With respect to any Covenant Defeasance, except as specified in clause (ii) of the preceding sentence, the remainder of this Indenture and the Bonds, shall be unaffected thereby. The Issuer may exercise a Legal Defeasance notwithstanding the prior exercise of a Covenant Defeasance. If the Issuer exercises a Legal Defeasance, payment of the Bonds may not be accelerated due to an Event of Default. Upon satisfaction of the conditions set forth herein and on demand of the Issuer, the Trustee (x) shall acknowledge in writing the discharge of the obligations terminated by the Issuer, (y) shall execute documents and deliver such instruments in writing as shall be required to reconvey, release, assign and deliver to the Issuer any and all of the Trustee's interest in the Collateral, the right, title and interest in and to any and all rights conveyed, assigned or pledged to the Trustee or otherwise subject to this Indenture, except amounts in the funds required to be paid to the Issuer under this Indenture, and (z) shall turn over to the Issuer or to any such person, body or authority as may be entitled to receive the same all balances then held by it hereunder. Covenant Defeasance, as effected hereby, means that the Issuer may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth under any of the covenants in this Indenture except as set forth hereinabove, whether directly or indirectly by reason of any reference elsewhere herein to any such covenant or Section or to any other provision herein or in any other document.

(b) Notwithstanding Section 16.1(a) above, the obligations of the Issuer pursuant to Sections 2.8, 2.9, Section 2.10 and 11.5 shall survive until the Bonds have been paid in full. Thereafter, the obligations of the Issuer pursuant to Section 11.5 shall survive.

SECTION 16.2 Conditions to Defeasance. Either the Legal Defeasance or the Covenant Defeasance may be exercised only if:

(a) The Issuer shall have irrevocably deposited in trust with the Trustee (i) cash in an amount which, when added to any other moneys held by the Trustee and available for such payment, would be sufficient to pay (A) the principal of, and any premium and interest on, all Bonds issued hereunder and under any Series Supplemental Indenture when due, whether on any Scheduled Payment Date or upon redemption, acceleration, or otherwise, and (B) all other sums payable hereunder and under any Series Supplemental Indenture, (ii) non-callable direct obligations of, or obligations guaranteed by, the United States, maturing on or before the date or dates when the payments specified in clause (i) above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient to make all such payments, (iii) securities evidencing ownership interest in obligations or in specified portions thereof (which shall consist of specified portions of the principal of or interest on such obligations) of the

character described in clause (ii), sufficient to make all the payments specified in clause (i) above, or (iv) any combination of such cash and such obligations (the "Obligations") specified in (ii) or (iii) above, the aggregate amount of which and interest thereon, when due, are or will be sufficient to make all the payments specified in clause (i) above, and such deposit shall not cause the Trustee to have a conflicting interest as defined in and for the purposes of the Trust Indenture Act;

(b) The Issuer shall have delivered to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the deposited cash and/or the Obligations without any reinvestment thereof will provide cash at such times and in such amounts as will be sufficient to pay principal of, and any premium and interest on, all Outstanding Bonds when due, whether at on any Scheduled Payment Date or upon redemption, acceleration, or otherwise;

(c) The Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that (i) all preference periods applicable to the defeasance trust have expired under any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (ii) the defeasance trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended, and (iii) the Holders shall have a perfected security interest under applicable law in the Obligations so deposited with customary assumptions and qualifications;

(d) No Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 123rd day after the date of deposit;

(e) Such Legal Defeasance or Covenant Defeasance, as the case may be, shall not result in a breach or violation of or constitute a Default under this Indenture, or any other material agreement or instrument to which the Issuer is a party or by which the Issuer is bound;

(f) In the case of a Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel confirming that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this Indenture there has been a change in the applicable United States Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders will not recognize income, gain or loss for United States Federal income tax purposes as a result of such Legal Defeasance and will be subject to United States Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(g) In the case of a Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders will not recognize income, gain or loss for United States Federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States

Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(h) The Issuer shall have delivered to the Trustee an Officer's Certificate and Opinion of Counsel, each stating that all conditions precedent provided for relating to either the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Neither the Obligations nor moneys deposited with the Trustee pursuant to this section shall be substituted, withdrawn, reinvested or used for any purpose other than, and shall be segregated and held in trust for the payment of the principal of, and premium, if any and interest on, the Bonds.

ARTICLE 17

LIMITATION ON LIABILITY

SECTION 17.1 Limitation on Liability. Notwithstanding anything to the contrary contained in this Indenture or the Bonds or the Collateral Documents,

(a) the liability and obligation of the Issuer to perform and observe and make good the obligations contained in this Indenture and the Bonds and the Collateral Documents and to pay the Indebtedness issued hereunder in accordance with the provisions of this Indenture and the Bonds (such liability and obligation being herein referred to as the "Issuer's Obligations"), or any part thereof, or any claim based thereon or otherwise in respect thereof shall not (except as expressly provided in clause (b) below or in the last paragraph of this Section 17.1) be enforced by any action or proceeding wherein damages or any money judgment or any deficiency judgment or any judgment establishing any personal obligation or liability shall be sought, collected or otherwise obtained against any Member, any parent of a Member or any past, present or future partner, officer, director, shareholder, incorporator, Affiliate or related Person, of any Member or the Issuer (each such Member, parent of a Member and past, present or future partner, officer, director or shareholder, incorporator, Affiliate or related Person being herein referred to as a "Related Person"), and (except as expressly provided in clause (b) below or in the last paragraph of this Section 17.1) each of the Trustee, the Holders and any Person acting on behalf of the Trustee or the Holders, for itself and its successors and assigns, irrevocably waives any and all right to sue for, seek or demand any such damages, money judgment, deficiency judgment or personal judgment against any Related Person under or by reason of or in connection with the Issuer's Obligations, or any part thereof, or any claim based thereon or otherwise in respect thereof and (except as expressly provided in clause (b) below or in the last paragraph of this Section 17.1) agrees to look solely to the Issuer and Collateral held under or in connection with the Collateral Documents for the enforcement of the Issuer's Obligations; and

(b) The liability of the Related Persons with respect to the Issuer's Obligations, or any part thereof, or for any claim based thereon or otherwise in respect thereof is (except

as expressly provided in the last paragraph of this Section 17.1) limited to the respective interests of such Related Persons in the Collateral, and (except as expressly provided in the last paragraph of this Section 17.1) no recourse shall be had in the event of any non-performance by the Issuer of any of the Issuer's Obligations to (i) any assets or properties of any Related Person other than the respective interests of such Related Persons in the Collateral or (ii) the Related Persons (except with respect to the respective interests of such Related Persons in the Collateral), and no judgment for any deficiency upon the Issuer's Obligations, or any part thereof, or for any claim based thereon or otherwise in respect thereof or related thereto, shall be obtainable by the Holders, the Trustee or any Person acting on behalf of the Holders or the Trustee against any Related Person.

Nothing contained in this Section 17.1 shall be construed (i) as preventing the Trustee, the Holders and any Person acting on behalf of the Trustee or the Holders from naming the Issuer or a Related Person in any action or proceeding brought by the Trustee, the Holders and any Person acting on behalf of the Trustee or the Holders to enforce and to realize upon or the Collateral purported to be provided by such Related Persons under or in connection with the Collateral Documents so long as no judgment, order, decree or other relief in the nature of a personal or deficiency judgment or otherwise establishing any personal obligation under or by reason of or in connection with the Issuer's Obligations, or any part thereof, or any claim based thereon or otherwise in respect thereof shall be asked for, taken, entered or enforced against any Related Person, in any such action or proceeding, (ii) as modifying, qualifying or affecting in any manner whatsoever the Lien and security interests created by this Indenture and the Collateral Documents and the other Transaction Documents or the enforcement thereof by the Holders or the Trustee or any Person acting on behalf of the Holders or the Trustee, (iii) as modifying, qualifying or affecting in any manner whatsoever the personal recourse undertakings, obligations and liabilities of any Person (including, without limitation, any Related Person) under any capital contribution agreement, any guaranty of payment, completion guaranty or any guaranty or indemnification agreement now or hereafter executed and delivered to the Trustee, the Holders or any Person acting on behalf of the Trustee or the Holders in connection with the transactions contemplated by this Indenture or (iv) as modifying, qualifying or affecting in any manner whatsoever the personal recourse liability of any Related Person, or any other Person for fraud or willful misrepresentation or any wrongful misappropriation or diversion of any portion of the Collateral.

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

NRG NORTHEAST GENERATING LLC

By: /s/ Craig Mataczynski

Name: Craig Mataczynski
Title:President, NRG Northeast Generating LLC

GUARANTORS

ARTHUR KILL POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

ASTORIA GAS TURBINE POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

CONNECTICUT JET POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

DEVON POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

DUNKIRK POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

HUNTLEY POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

MIDDLETOWN POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

MONTVILLE POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

NORWALK POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

OSWEGO HARBOR POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

SOMERSET POWER LLC

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Treasurer

THE CHASE MANHATTAN BANK
as Trustee

By: /s/ Annette M. Marsula

Name: Annette M. Marsula
Title: Vice President International
Project Finance

THE CHASE MANHATTAN BANK
as Securities Intermediary

By: /s/ Annette M. Marsula

Name: Annette M. Marsula
Title: Vice President International
Project Finance

EXHIBIT A

FORM OF ACCEPTABLE GUARANTEE

This GUARANTEE AGREEMENT (this "Guarantee"), dated as of between [NRG Energy/Affiliate of NRG Energy/Acceptable Bank], a corporation duly organized and validly existing under the laws of (the "Guarantor") and The Chase Manhattan Bank, as Trustee (the "Trustee") on behalf of the Secured Parties (as defined in the Collateral Agency and Intercreditor Agreement).

RECITALS

1. NRG Northeast Generating LLC (the "Issuer"), Arthur Kill Power LLC, Astoria Gas Turbines Power LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Middletown Power LLC, Montville Power LLC, Norwalk Power LLC, Oswego Harbor Power LLC and Somerset Power LLC (each, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") have entered into the Indenture dated as of February 22, 2000 with the Trustee.

2. In order to fund the Debt Service Reserve Account so that the obligations of the Issuer under Article 4 of the Indenture shall be released, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Guarantor has agreed to guarantee the payment of the Guaranteed Obligation (as defined below).

Accordingly, the Guarantor agrees with the Trustee as follows:

ARTICLE 1
DEFINITIONS

Unless otherwise defined, all capitalized terms used in this Guarantee shall have the meanings given in the Indenture. The rules of interpretation set forth in Article 1 of the Indenture shall apply to this Guarantee.

ARTICLE 2
GUARANTEE

2.01 The Guarantee. The Guarantor absolutely, unconditionally and irrevocably guarantees to the Trustee on behalf of the Holders of the Bonds and their respective successors and assigns the prompt payment of up to US$ (as such amount may be reduced or increased from time to time, the "Guaranteed Obligation") upon receipt of a written request from the Issuer therefor.

The Guarantor further agrees that it will promptly pay the amount specified in such written notice, but in no event more than the Guaranteed Obligation, on the date of receipt of such written notice. The

delivery of such notice by the Issuer to the Guarantor shall in accordance with Article 4 of the Indenture constitute sufficient demand on the Guarantor to make the payment specified in such notice.

2.02 Obligations Unconditional. The obligations of the Guarantor under Section 2.01 are absolute, unconditional and irrevocable, irrespective of any actual or asserted lack of value, genuineness, validity, regularity or enforceability of the obligations of the Issuer under the Indenture, any other Transaction Document or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guarantee of or security for the Guaranteed Obligation, and, to the fullest extent permitted by applicable Law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Article 2 that the obligations of the Guarantor under this Guarantee shall be absolute and unconditional, under any and all circumstances.

Subject to Section 2.01, the Guarantor expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Trustee or any Holder exhaust any right, power or remedy or proceed against the Issuer or the Subsidiary Guarantors under the Indenture or any other Transaction Document or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, any of the Guaranteed Obligation.

2.03 Instrument for the Payment of Money. The Guarantor acknowledges that this guarantee constitutes an instrument for the payment of money only, and consents and agrees that the Trustee or any Holder, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

2.04 Reduction of Guaranteed Obligation. The Guaranteed Obligation shall be reduced automatically in accordance with clause 4.1(d)(i) of the Indenture and the Trustee shall promptly provide to the Guarantor notice of such reduction. Contemporaneous with the giving of such notice, the Trustee shall annotate this Guarantee to reflect the Guaranteed Obligation as so reduced.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants that:

3.01 Power and Authority. The Guarantor has the limited liability company power and authority to (i) execute and deliver this Guarantee and perform its obligations hereunder, (ii) to conduct its business as currently conducted and (iii) to own its property.

3.02 Valid Existence. The Guarantor is duly organized and is validly existing under and pursuant to the laws of the jurisdiction of its organization and is qualified to do business and is in good standing in all jurisdictions necessary for it to conduct its business and own its property

except where the failure to so qualify or be in good standing would not have a Material Adverse Effect.

3.03 Due Authorization. The execution, delivery and performance by the Guarantor of this Guarantee have been duly authorized by all necessary corporate action, and do not and shall not require any further consents or approvals which have not been obtained, or violate any provision of any Law or breach any agreement presently in effect with respect to or binding on the Guarantor or its properties except where such violations or breach would not have a Material Adverse Effect.

3.04 Binding Obligation. This Guarantee is a legal, valid and binding obligation of the Guarantor, enforceable against it in accordance with its terms, except as such enforceability may be limited in each case by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally (and to the possible judicial application of foreign laws or governmental action affecting the rights of creditors generally) and except as such enforceability is subject to the application of general principles of equity (regardless of whether the issue of enforceability is considered in a proceeding in equity or at law), including without limitation (i) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

ARTICLE 4
MISCELLANEOUS

4.01 Notices. All notices required or permitted under the terms and provisions of this Guarantee shall be in writing (including by telex or fax) in the English language delivered to the intended recipient. Any such notice shall be effective when received if given in accordance with the provisions of Section 1.4 of the Indenture to the address set out beneath such party's signature to this Guarantee.

4.02 Severability. If any provision hereof is invalid, illegal or unenforceable in any jurisdiction, then to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Trustee and the Secured Parties in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity, illegality or unenforceability of any provision hereof in any jurisdiction shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

4.03 Benefit of Guarantee. This Guarantee shall be binding upon and inure to the benefit of the Guarantor and the Trustee and their respective successors, transferees and assigns.

4.04 Language. The language of this Guarantee is the English language and no translation made or to be made hereof shall have any legal validity.

4.05 Governing Law. This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely within the State of New York, without regard to principles of conflicts of law thereof to the extent the application of such principles would cause the application of the laws of any other jurisdiction.

4.06 Further Assurances. The Guarantor shall execute and deliver all such instruments and take all such actions as may be reasonably necessary to effectuate fully the purposes of this Guarantee.

4.07 Term. This Guarantee shall terminate upon the earlier to occur of indefeasible payment in full of the Guaranteed Obligation and reduction of the Guaranteed Obligation to zero.

4.08 Amendments. Except as otherwise expressly provided in this Guarantee, any provision of this Guarantee may be amended or modified only by an instrument in writing signed by the parties hereto.

4.09 Submission to Jurisdiction and Venue. Any legal action or proceeding against the Guarantor with respect to this Guarantee shall be brought and enforced in the U.S. state or federal courts located in the Borough of Manhattan, The City of New York, New York, and, by execution and delivery of this Guarantee, the Guarantor irrevocably accepts for itself and in respect of its property, generally, irrevocably and unconditionally, the jurisdiction of the aforesaid courts. A judgment, after exhaustion of all available appeals, in any such action or proceeding shall be conclusive and binding upon the Guarantor and may be enforced in any other jurisdiction by a suit upon such judgment, a certified copy of which shall be conclusive evidence of the judgment.

4.10 Appointment of Process Agent. The Guarantor irrevocably designates, appoints and empowers CT Corporation System, with offices on the date of this Guarantee at 111 8th Avenue, 13th Floor, New York, New York 10011, as its designee, appointee and agent with respect to any action or proceeding to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding and agrees that the failure of any such agent to give any advice of any service of process to it shall not impair or affect the validity of such service or of any judgment based thereon. If for any reason such designee, appointee and agent shall cease to be available to act as such, the Guarantor shall designate a new designee, appointee and agent in the United States on the terms and for the purposes of this provision reasonably satisfactory to the Trustee. The Guarantor further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it, at its address set forth below, such service to become effective 30 days after such mailing. Nothing in this Guarantee shall affect the right of the Trustee to serve process or to commence legal proceedings or otherwise proceed against the Guarantor in any other jurisdiction in any other manner permitted by law. The

Guarantor waives irrevocably, to the extent permitted by law, any objection to the laying of venue in New York, New York, and any claim of inconvenient forum in respect of any such action in New York, New York to which it might otherwise be entitled in any actions arising out of or based on this Guarantee.

IN WITNESS WHEREOF, each party has caused this Guarantee to be duly executed and delivered by its officer thereto duly authorized as of the date first above written.

[NRG Energy/Affiliate of NRG Energy/Acceptable Bank]
as Guarantor

By:

Title:

Address:

Attention:

Telephone:

Telecopy:

THE CHASE MANHATTAN BANK,
not in its individual capacity, but solely
as Trustee

By:

Title:

Address: The Chase Manhattan Bank
Capital Markets Fiduciary Services
450 W. 33rd Street, 15th Floor
New York, New York 10001

Attention: Annette Marsula
International and Project Finance Group
Telephone: (212) 946-7557
Telecopy: (212) 946-8177

EXHIBIT B

SUBORDINATION PROVISIONS

Section 1. [NRG Northeast Generating LLC, a limited liability company organized under the laws of Delaware] (the "Company"), hereby covenants and agrees, and [NAME OF SUBORDINATED LENDER] (the "Subordinated Lender"), likewise agrees, that, to the extent and in the manner set forth in this

Agreement, [describe subordinated indebtedness] (the "Subordinated Indebtedness"), and the payment from whatever source of the principal of, and interest and premium (if any) on, the Subordinated Indebtedness, are hereby expressly made subordinate and subject in right of payment to the prior payment in full in cash of all Senior Indebtedness (as hereinafter defined). All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto, whether directly or by reference to another agreement or document, in the Indenture dated as of February 22, 2000 (as amended, supplemented or modified and in effect from time to time, the "Indenture") among the Company, the Guarantors party thereto and The Chase Manhattan Bank, as trustee (in such capacity, together with its successors and assigns, the "Trustee") for the Holders.

For purposes hereof, "Senior Indebtedness" shall mean all indebtedness, liabilities and other obligations of the Company (including, but not limited to, all such obligations in respect of principal, premiums, interest, fees, reimbursement obligations, penalties, indemnities, legal expenses, costs and other expenses, whether due after acceleration or otherwise) to the Secured Parties (as defined in the Collateral Agency and Intercreditor Agreement) (of whatsoever nature and howsoever evidenced) under or pursuant to the Collateral Documents and the other Financing Documents, in each case, direct or indirect, primary or secondary, fixed or contingent, now or hereafter arising out of or relating to any such agreement or document. The term "Senior Indebtedness" shall include any interest accruing after the date of any filing by the Company of any petition in bankruptcy or the commencing of any bankruptcy, insolvency or similar proceedings with respect to the Company, whether or not such interest is allowable as a claim in any such proceeding.

Section 2. The Subordinated Lender further agrees that:

(a) (i) Unless and until the Senior Indebtedness shall have been paid or otherwise satisfied in full, the Subordinated Lender shall not ask, demand, sue for, take or receive from the Company, directly or indirectly, in cash or other property or by set-off or in any other manner (including, without limitation, from or by way of the Collateral or any guaranty of payment or performance), payment of all or any of the Subordinated Indebtedness, except as permitted under the Indenture and shall be paid solely from cash that may be applied to Restricted Payments under Section 6.15 of the Indenture. For the purposes of these provisions, the Senior Indebtedness shall not be deemed to have been paid or satisfied in full until the Senior Indebtedness shall have been indefeasibly so paid in cash to the Secured Parties (after the passage of any relevant preference periods).

(ii) Upon any distribution of all or any of the assets of the Company to creditors of the Company upon the dissolution, winding up, liquidation, arrangement, reorganization or composition of the Company, whether in any bankruptcy, insolvency, arrangement, reorganization, receivership or similar proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise, any payment or distribution of any kind (whether in cash, property or securities) which otherwise would be payable or deliverable upon or with respect to the Subordinated Indebtedness but for the provisions of this Agreement, including, without limitation, any such payment or distribution that may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Subordinated Indebtedness shall be paid or delivered directly to the Collateral Agent for application (in the case of cash) to or as

Collateral (in the case of non-cash property or securities) for the payment or prepayment of the Senior Indebtedness until the Senior Indebtedness has been paid or otherwise satisfied in full in cash.

(iii) Each of the Secured Parties may demand specific performance of these terms of subordination, whether or not the Company shall have complied with any of the provisions hereof applicable to them at any time when the Subordinated Lender shall have failed to comply with any of such provisions applicable to it. The Subordinated Lender hereby irrevocably waives any defense based on the adequacy of a remedy at law, which might be asserted as a bar to such remedy of specific performance.

(iv) So long as any of the Senior Indebtedness shall remain unpaid or otherwise unsatisfied, the Subordinated Lender shall not commence or join with any creditor other than the Collateral Agent in commencing any proceeding referred to in subsection (ii) above for the payment of any amounts which otherwise would be payable or deliverable upon or with respect to the Subordinated Indebtedness.

(v) Subject to the indefeasible payment or satisfaction in full in cash of all of the Senior Indebtedness, the Subordinated Lender shall be subrogated to the rights of the Secured Parties to receive payments or distributions of assets of the Company made on the Senior Indebtedness until the Subordinated Indebtedness has been satisfied in full.

(vi) In the event that, notwithstanding the foregoing provisions of this Section 2, the Subordinated Lender shall have received, before all Senior Indebtedness is paid in full in cash or payment thereof is otherwise provided for, any such payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, including any such payment or distribution arising out of the exercise by the Subordinated Lender of a right of set-off or counterclaim and any such payment or distribution received by reason of any other indebtedness of the Company being subordinated to the Subordinated Indebtedness, then, and in such event, such payment or distribution shall be held in trust for the benefit of the Secured Parties, and shall be immediately paid over to the Collateral Agent, to the extent necessary to make payment in full in cash of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent

The foregoing provisions regarding subordination are for the benefit of the Secured Parties and shall be enforceable by them directly against the Subordinated Lender, and no Secured Party shall be prejudiced in its right to enforce subordination of any of the Subordinated Indebtedness by any act or failure to act by the Company or anyone in custody of its assets or property. Notwithstanding anything to the contrary contained in the foregoing provisions, the Subordinated Lender may receive and retain payments in respect of the Subordinated Indebtedness from the Company to the extent that such payments are permitted by the Indenture.

(b) So long as any Senior Indebtedness remains outstanding, the following provisions shall apply:

(i) If an Event of Default shall have occurred and be continuing, the Collateral Agent, on behalf of the Secured Parties, shall be permitted to take any and all actions to exercise any and all rights, remedies and options which it may have under the Collateral Agency and Intercreditor Agreement and the other Security Documents.

(ii) The Subordinated Lender shall not, without the prior written consent of the Secured Parties, (A) exercise any rights or enforce any remedies or assert any claim with respect to the Collateral, (B) seek to foreclose any Lien or sell the Collateral, or (C) take any action, directly or indirectly, or institute any proceedings, directly or indirectly, with respect to any of the foregoing.

(iii) The Subordinated Lender hereby waives: (A) notice of the existence, creation or non-payment of all or any of the Senior Indebtedness and (B) to the fullest extent permitted by law, any right it may have to require the Collateral Agent to marshal assets.

(c) The Secured Parties may, at any time and from time to time, without any consent of or notice to the Subordinated Lender and without impairing or releasing the obligations of the Subordinated Lender: (A) amend, modify, extend, renew, waive or consent to in any manner, any provision of any agreement under which any of the Senior Indebtedness is outstanding in accordance with the terms thereof; (B) sell, exchange, release, not perfect and otherwise deal with any property at any time pledged, assigned or mortgaged to secure the Senior Indebtedness in accordance with the Security Documents; (C) release anyone liable in any manner under or in respect of the Senior Indebtedness; (D) exercise or refrain from exercising any rights against the Company and others; and (E) apply any sums from time to time received to payment or satisfaction of the Senior Indebtedness.

(d) After the payment in full of all amounts due in respect of the Senior Indebtedness, the holder or holders of the Subordinated Indebtedness shall be subrogated to the rights of the holders of the Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Indebtedness until the principal of, premium, if any, interest on and all other amounts due or to become due with respect to the Subordinated Indebtedness shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the holder or holders of the Subordinated Indebtedness would be entitled but

for the provisions hereof, and no payment pursuant to these provisions to the holders of the Senior Indebtedness by any holder of the Subordinated Indebtedness shall, as among the Company, its creditors other than holders of the Senior Indebtedness and the holder or holders of the Subordinated Indebtedness, be deemed to be a payment by the Company to or on account of the Senior Indebtedness. No payment or distributions to the holders of the Senior Indebtedness which such holder or holders of the Subordinated Indebtedness shall be entitled to receive pursuant to such subrogation shall, as among the Company, its creditors other than holders of the Senior Indebtedness and the holder or holders of the Subordinated Indebtedness be deemed to be a payment by the Company or on account of the Subordinated Indebtedness.

Nothing contained in this instrument is intended to or shall impair as among the Company, its creditors other than the holders of the Senior Indebtedness, and the holders of the Subordinated Indebtedness, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Subordinated Indebtedness as and when the same shall become due and payable in accordance with its terms, or to affect the relative rights of the holders of the Subordinated Indebtedness and creditors of the Company other than the holders of the Senior Indebtedness.

Section 3. The Subordinated Lender agrees not to take any action in respect of or to enforce any right of subrogation arising as a result

of the Subordinated Lender paying over amounts to the holders of the Senior Indebtedness as provided herein, prior to payment in full in cash of the Senior Indebtedness.

Section 4. The Subordinated Lender agrees that, if it shall fail to file claims or proofs of claim with respect to the Subordinated Indebtedness at least 30 days prior to the expiration of the period in which such claims or proofs of claim shall be required to be filed, the holders of the Senior Indebtedness are authorized to file such claims or proofs of claim on behalf of the Subordinated Lender as its attorney-in-fact.

EXHIBIT 4.6

The Bank of New York, not in its individual capacity but solely as Trustee of NRG ENERGY PASS-THROUGH TRUST 2000-1
(a New York trust)
$250,000,000
8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005

PURCHASE AGREEMENT

March 14, 2000

Banc of America Securities LLC
ABN AMRO Incorporated
Deutsche Bank Securities Inc.
c/o Banc of America Securities LLC, as Representative 100 North Tryon Street
Charlotte, NC 28255

Ladies and Gentlemen:

The Bank of New York, as Trustee (the "Trustee") of the NRG Energy Pass-Through Asset Trust 2000-1 (the "Trust"), a trust organized under the laws of the State of New York, confirms its agreement with Banc of America Securities LLC, ABN AMRO Incorporated and Deutsche Bank Securities Inc. (the "Initial Purchasers"), acting severally and not jointly, to issue and sell to the Initial Purchasers, for whom Banc of America Securities LLC is acting as representative (the "Representative"), $250,000,000 aggregate principal amount of 8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005 (collectively, the "Certificates"), each such Certificate representing a fractional undivided beneficial interest in the assets of the Trust. NRG Energy, Inc., a company incorporated under the laws of the State of Delaware (the "Company"), confirms its agreement with the Trustee with respect to the issue and sale by the Company and the purchase by the Trust, on the terms set forth herein, of (pound)160,000,000 aggregate principal amount of 7.97% Reset Senior Notes Due March 15, 2020, which are referred to herein as the "Senior Notes" and which, together with the Certificates, are referred to herein as the "Securities." Prior to the purchase of the Senior Notes by the Trustee, Bank of America, N.A. ("BofA") is expected to enter into an ISDA Master Agreement dated as of March 20, 2000 with the Trustee, as supplemented and amended by the Schedule thereto (as so supplemented and amended, the "Master Agreement") and a Confirmation dated March 20, 2000 between the Trustee and BofA (the "Swap Counterparty") under the Master Agreement providing for a (pound) Sterling to US Dollar swap (the "Currency Swap"). Concurrently, the Trustee shall also enter into a Confirmation dated March 20, 2000 with BofA (the "Callholder") under the Master Agreement providing a call option to the Callholder (the "Trust Call Option").

The Certificates will be offered and sold to the Initial Purchasers, and the Senior Notes will be sold to the Trust, in each case without registration under the United States Securities Act of 1933, as amended (the "Act"), in reliance upon an exemption from the registration requirements of the Act. In connection with the offering and resale of the Certificates, the Company has prepared a preliminary offering circular, subject to completion, dated March 9, 2000, including the documents incorporated therein by reference (the "Preliminary Offering Circular"), and a final offering circular dated the date hereof, including the documents incorporated therein by reference as of the date

hereof (the "Offering Circular"), each setting forth or incorporating by reference certain information concerning, among other things, the Trust, the Company, the Swap Counterparty, the Currency Swap, the Certificates and the Senior Notes. The Company hereby confirms that it has authorized the use of the Preliminary Offering Circular and the Offering Circular in connection with the offer and sale of the Certificates. Unless stated to the contrary, all references herein to the Offering Circular are to the Offering Circular as of the date hereof and are not meant to include any amendment or supplement thereto subsequent to the date hereof. All references herein to amendments or supplements to the Offering Circular shall be deemed to mean and include the filing of any document by the Company with the United States Securities and Exchange Commission (the "Commission") pursuant to Section 13(a), 13(c), 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date hereof and prior to the termination of the offering of the Certificates.

The Trust and the Company understand that the Initial Purchasers propose to offer and resell the Certificates only on the terms and in the manner set forth in the Offering Circular and Section 3 hereof, as soon as the Representative deems advisable after this Agreement has been executed and delivered, only to persons in the United States whom the Initial Purchasers reasonably believe to be "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the Act ("Rule 144A") in transactions under Rule 144A or in offshore transactions complying with Regulation S under the Act ("Regulation S").

When used herein in reference to the Trust or the Trustee, the term "Operative Documents" shall refer collectively to (1) this Agreement, (2) the Certificates, (3) the Trust Call Option, (4) the Currency Swap and (5) the Trust Agreement, dated as of March 20, 2000 (the "Trust Agreement"), between the Company and The Bank of New York, as trustee (the "Trustee"). When used herein in reference to the Company, the term "Operative Documents" shall refer to (1) this Agreement, (2) the Senior Notes, (3) the Indenture, dated as of March 20, 2000 (the "Indenture"), between the Company and The Bank of New York, as indenture trustee (the "Indenture Trustee"), (4) the Trust Agreement, (5) the Remarketing Agreement, dated as of March 20, 2000 (the "Remarketing Agreement"), between the Company and Banc of America Securities LLC, as remarketing agent, (6) an ISDA Master Agreement, dated as of March 20, 2000, between the Company and Bank of America, N.A., as supplemented and amended by the Schedule thereto, dated as of March 20, 2000 (as so supplemented and amended, the "NRG Master Agreement"), (7) a Confirmation, dated March 20, 2000, between BofA (the "Contingent Swap Counterparty") and the Company under the NRG Master Agreement providing for a contingent pound Sterling to US Dollar swap (the "Contingent Swap") and (8) a Confirmation, dated March 20, 2000, between Bank of America, N.A. (the

"Contingent Seller") and the Company under the NRG Master Agreement providing a contingent call option to the Company (the "Contingent Call Option").

1. The Company represents and warrants to, and agrees with, the Initial Purchasers that:

(1) The Preliminary Offering Circular and the Offering Circular have been prepared in connection with the offering of the Certificates. Any reference to the Preliminary Offering Circular or the Offering Circular shall be deemed to refer to any Additional Issuer Information (as defined in Section 5(h) hereof) furnished by the Company or the Trust prior to the completion of the distribution of the Certificates. The Preliminary Offering Circular, as of its date, did not, and the Offering Circular, as of the date of this Agreement, does not, and at the Time of Purchase (as defined in Section 4 hereof) the Offering Circular will not, contain any 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 were made, not misleading, except that the Company makes no warranty or representation to any of the Initial Purchasers with respect to (i) any statements or omissions made therein in reliance upon and in conformity with the Initial Purchaser Information (as defined in Section 7(e) hereof) or (ii) any information with respect to DTC, The Euroclear System ("Euroclear") or Clearstream Banking, societe anonyme ("Clearstream, Luxembourg") or their respective systems or procedures as set forth in the Offering Circular or the Preliminary Offering Circular under "Description of the Certificates - Book-Entry Issuance" and "Description of the Certificates - Exchange of Global Certificate for Definitive Certificates";

(2) Each of the Preliminary Offering Circular and the Offering Circular, as of its respective date, contains or incorporates all of the information that, if requested by a prospective purchaser of the Certificates, would be required to be provided to such prospective purchaser pursuant to Rule 144A(d)(4) under the Securities Act;

(3) The Company has been duly incorporated and is validly existing and in good standing as a corporation under the laws of the State of Delaware with the power and authority to own property and to conduct its business as described in the Offering Circular, to issue and sell the Senior Notes and to enter into and perform its obligations under the other Operative Documents, to which it is a party; the Company is duly qualified to transact business as a foreign corporation and is in good standing in any other jurisdiction in which such qualification is necessary, except to the extent that the failure to so qualify or be in good standing is not reasonably likely to have a material adverse effect on the Company;

(4) Under current law and assuming full compliance with the terms of the Indenture and the Trust Agreement, the Trust will be classified for United States federal income tax

purposes as a grantor trust and not as an association or a publicly traded partnership taxable as a corporation;

(5) This Agreement has been duly authorized, executed and delivered by the Company;

(6) The performance of the obligations of the Company under the Operative Documents to which it is a party, has been duly authorized by the Company and, at the Time of Purchase, each of such Operative Documents, will have been duly executed and delivered by the Company, and assuming due authorization, execution, issue, authentication and delivery by the other parties thereto, the same will constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as may be limited by (1) bankruptcy, insolvency, reorganization, receivership, liquidation, fraudulent conveyance and transfer, moratorium or other similar laws affecting creditors' rights generally or (2) general principles of equity (considered in a proceeding in equity or at law) (number 1 and 2, collectively, the "Enforceability Exceptions"), and except that rights to indemnity under this Agreement may be limited;

(7) The issuance and delivery of the Senior Notes have been duly authorized by the Company and, at the Time of Purchase, the Senior Notes will have been duly executed by the Company and, when authenticated by the Indenture Trustee in the manner provided for in the Indenture and delivered against payment therefor, will constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as may be limited by the Enforceability Exceptions, and will be entitled to the benefits of the Indenture;

(8) The issue and sale of the Senior Notes by the Company, the execution, delivery and performance by the Company of the other Operative Documents to which it is a party and the consummation by the Company of the transactions contemplated herein and therein and compliance by the Company with its respective obligations hereunder and thereunder does not and will not result in any violation of the certificate of incorporation or bylaws of the Company and does not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under (A) any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company is a party or by which it may be bound or to which any of its properties may be subject (except for conflicts, breaches or defaults which would not, individually or in the aggregate, be reasonably likely to be materially adverse to the Company or materially adverse to the transactions contemplated by this Agreement) or (B) any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, or any regulatory body or administrative agency or other governmental body having jurisdiction over the Company or any of its respective properties (except for conflicts, breaches or defaults which would not, individually or

in the aggregate, be reasonably likely to be materially adverse to the Company or materially adverse to the transactions contemplated by this Agreement);

(9) The issue and sale of the Certificates by the Trust and the performance of the obligations of the Trust under the Operative Documents to which it or the Trustee is a party have been duly authorized by the terms of the Trust Agreement and upon due execution, issue and delivery and payment therefor in accordance with the terms hereof, the Certificates will constitute valid and undivided beneficial interests in the Trust and will be entitled to the benefits of the Trust Agreement;

(10) No authorization, approval, consent or order of any court or governmental authority or agency of the United States is necessary in connection with the issuance and sale of the Senior Notes or the transactions contemplated by the Operative Documents to which the Company is a party, except such as may be required under state securities or "blue sky" laws;

(11) Neither the Company nor any of its Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) has directly or through any agent (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of

any security (as defined in the Securities Act) which is or will be integrated with the sale of the Senior Notes or the sale of the Certificates in a manner that would require the registration under the Securities Act of any of the Securities or (ii) engaged in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with the offering of the Securities, or acted in any manner involving a public offering of any of the Securities within the meaning of Section 4(2) of the Securities Act;

(12) The Certificates are eligible for resale pursuant to Rule 144A and none of the Securities will be, at the Time of Purchase, of the same class (within the meaning of Rule 144A(d)(3) under the Securities Act) as securities of the Company listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted on a U.S. automated inter-dealer quotation system;

(13) Assuming the accuracy of each of the Initial Purchasers' representations contained herein, and the Initial Purchasers' compliance with their agreements hereunder, the offer, sale and delivery of the Certificates to the Initial Purchasers and the initial resales of the Certificates by the Initial Purchasers, each in the manner contemplated by this Agreement, do not require registration of the Certificates under the Securities Act or qualification of the Trust Agreement under the United States Trust Indenture Act of 1939, as amended (the "TIA");

(14) The documents incorporated by reference in the Preliminary Offering Circular and the Offering Circular, when they were filed with the Commission pursuant to the

Exchange Act by the Company (or, if any amendment with respect to any such document was filed, when such amendment was filed), complied in all material respects with the applicable provisions of the Exchange Act and the rules and regulations of the Commission thereunder, and any documents deemed to be incorporated by reference in the Offering Circular, when they are filed with the Commission pursuant to the Exchange Act by the Company, will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations of the Commission thereunder;

(15) The consolidated financial statements of the Company and its consolidated subsidiaries, together with the notes thereto, incorporated by reference in the Preliminary Offering Circular and the Offering Circular present fairly the financial position of the Company and its consolidated subsidiaries at the dates or for the periods indicated; said consolidated financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information incorporated by reference in the Preliminary Offering Circular and the Offering Circular present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements incorporated by reference in the Preliminary Offering Circular and the Offering Circular.

(16) The Company is not and, after giving effect to the offering

and sale of the Securities and the application of the proceeds thereof as described in the Offering Circular, will not be an "investment company" required to be registered under the Investment Company Act of 1940, as amended (the "1940 Act"); and

(17) Each of the Operative Documents, including the Securities, will conform in all material respects to all statements relating thereto contained in the Offering Circular.

1A. The Trustee represents and warrants to, and agrees with, the Company and the Initial Purchasers that:

(18) The execution and delivery of the Operative Documents to be executed by the Trustee and the performance of its obligations thereunder have been duly authorized pursuant to the Trust Agreement and each of such Operative Documents has been duly authorized pursuant to the Trust Agreement and, at the Time of Purchase, will be duly executed and delivered by the Trustee on behalf of the Trust;

(19) The Operative Documents, when executed and delivered by the Trustee and assuming due authorization, execution and delivery by the other parties thereto, will constitute valid and legally binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as may be limited by the

Enforceability Exceptions and except that certain of such obligations may be enforceable solely against the Trust Assets (as defined in the Trust Agreement);

(20) The execution, delivery or performance by the Trustee of the applicable Operative Documents to which it is a party do not require any consent, approval or authorization of, or any registration or filing with, any New York or United States federal court or governmental agency or body having jurisdiction over the trust powers of the Trustee;

(21) The Trust is not a party to any documents or instruments other than the Operative Documents and the execution and delivery by the Trustee and the performance by the Trustee of the obligations assumed under, and the terms of, the Operative Documents will not infringe or constitute a default under any laws or regulations of any governmental or regulatory body having jurisdiction over the trust powers of the Trustee.

2. On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions herein set forth, (a) the Trust agrees to (i) issue and sell to the Initial Purchasers, and each Initial Purchaser, severally and not jointly, agrees to purchase from the Trust, the principal amount of Certificates set forth opposite such Initial Purchaser's name on Schedule I hereto, at a purchase price of 99.891% of such principal amount , (ii) purchase the Senior Notes from the Company at the purchase price set forth in clause (b) below, (iii) issue and sell to the Callholder the Trust Call Option in accordance with the terms thereof at a purchase price of (pound)15,440,000 (the "Call Price") and (iv) enter into the Currency Swap with the Swap Counterparty and (b) the Company agrees to issue the Senior Notes and sell the Senior Notes to the Trust at a purchase price of (pound)157,696,343.

3. With respect to the initial offer and resale of the Certificates by the Initial Purchasers and the placement with the Trust of the Senior Notes,

each Initial Purchaser, severally and not jointly, represents and warrants to, and agrees with, the Company that:

(1) It is a QIB within the meaning of Rule 144A and an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the Securities Act and is purchasing the Certificates pursuant to Section 4(2) of the Securities Act;

(2) It has not offered or sold, and will not offer or sell, any of the Certificates except (i) to persons inside the United States whom it reasonably believes to be QIBs or, if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only if such Initial Purchaser reasonably believes that each such account is a QIB to whom notice has been given that such sale or delivery is being made in reliance on Rule 144A or (ii) subject to the proviso in clause (i) of Section 3(d) hereof, to persons other than "U.S. Persons" (within the meaning of Regulation S) outside the United States in reliance upon Regulation S;

(3) Neither it nor any of its United States affiliates nor any person acting on its or their behalf has made or will make offers or sales of the Certificates or the Senior Notes in the United States by means of any form of general solicitation or general advertising (within the meaning of Rule 502(c) of Regulation D under the Securities Act) or in any manner involving a public offering (within the meaning of Section 4(2) of the Securities Act) in the United States;

(4) With respect to offers and sales of Certificates outside the United States in reliance on Regulation S, (i) it will sell Certificates only in accordance with Regulation S and has not offered or sold, and will not offer or sell, Certificates within the United States or to, or for the account or benefit of, U.S. Persons (A) as part of its distribution at any time or (B) otherwise until 40 days after the later of the date of the commencement of the offering of the Certificates to the public and the Time of Purchase (the "Distribution Compliance Period"), except in either case in reliance on Rule 144A; (ii) neither it nor any of its affiliates or any persons acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) and (iii) it will send or have sent, at or prior to confirmation of a sale of Certificates (other than in reliance on Rule 144A), to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells Certificates during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of Certificates within the United States or to, or for the account or benefit of, U.S. Persons (terms used in this paragraph have the meanings ascribed to them in Regulation S);

(5) It will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Certificates or Senior Notes or has in its possession or distributes or causes or permits to be distributed the Offering Circular or any other offering material relating to the offering of the Certificates.

4. The Certificates to be purchased by the Initial Purchasers hereunder will be issued by the Trust in definitive, fully registered book-entry form and represented by two global securities, which initially will be registered in the name of Cede & Co., as nominee of, and deposited with the Trustee, on behalf of and as custodian for, The Depository Trust Company ("DTC") . The Trust will deliver the Certificates to the Initial Purchasers against payment by or on behalf of the Initial Purchasers of the purchase price therefor by electronic transfer to the order of the Trustee in same- day funds, by causing DTC to credit the Certificates to the account of the Initial Purchasers at DTC. The Company will cause the global securities representing the Certificates to be made available to the Representative for checking at least twenty-four hours prior to the Time of Delivery at the office of DTC or its designated custodian (the "Designated Office"). The Trust shall deliver the Trust Call Option to the Callholder upon receipt of the Call Price. The time and date of such delivery and payment shall be 10:00 a.m., New York City time, on March 20, 2000 or such other time and date as

the Representative, the Trust and the Company may agree upon in writing. Such time and date are herein called the "Time of Purchase."

The Senior Notes to be purchased by the Trustee hereunder will be represented by a definitive Note registered in the name of the Trustee. The Company will deliver such Note to the Trustee against payment by electronic transfer in same-day funds of the purchase price therefor. The Company will cause the definitive Note representing the Senior Notes to be made available to the Representative for checking at least twenty-four hours prior to the Time of Delivery.

The documents to be delivered at the Time of Purchase by or on behalf of the parties hereto pursuant to Section 6 hereof, including the Certificates and the Senior Notes and the cross-receipts for the Certificates and the Senior Notes and any additional documents requested by the Initial Purchasers pursuant to Section 6(a) hereof, will be delivered at such time and date at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036 (the "Closing Location"). The Certificates will be delivered at the Designated Office at the Time of Purchase.

5. The Company (and, if so specified, the Trustee), agrees with each of the Initial Purchasers:

(1) At any time prior to completion of the initial resales of the Certificates by the Initial Purchasers to purchasers, before amending or supplementing the Offering Circulars, to advise the Representative thereof and to furnish the Representative a copy of such proposed amendment or supplement;

(2) To use its best efforts to qualify the Certificates for offer and sale under the securities or "blue sky" laws of such jurisdictions as the Initial Purchasers may designate within six months after the date hereof and to pay, or to reimburse the Initial Purchasers and their counsel for, reasonable filing fees and expenses in connection therewith in an amount not exceeding $3,500 in the aggregate (including filing fees and expenses paid and incurred prior to the date hereof); provided, however, that the Company shall not be required to qualify as a foreign corporation or to file a consent to service of process or to file annual reports or to comply with any other requirements deemed by the Company to be unduly burdensome;

(3) To pay, except as otherwise expressly provided herein, all

expenses incidental to the performance of its obligations and the obligations of the Trust under this Agreement, including (i) the preparation of the Preliminary Offering Circular and the Offering Circular (and any amendments or supplements thereto), (ii) the issuance and delivery of the Securities, (iii) the fees and disbursements of the Company's counsel and accountants, and the fees of any paying agent, (iv) the fees and expenses in connection with the ratings of the Securities by securities rating organizations, (v) the printing and delivery of copies of the Preliminary Offering Circular and the Offering

Circular (and any amendments or supplements thereto), (vi) the fees and expenses in connection with the listing of the Senior Notes on the Luxembourg Stock Exchange including the application therefor and (vii) the Company's costs and expenses for travel, lodging and incidental expenses relating to investor presentations on any "road show" undertaken in connection with the marketing of the Certificates. It is understood that, except as provided in this Section 5(c), and in Section 5(b), Section 5(d) and Section 7 hereof, the Initial Purchasers will pay all of their costs and expenses (including the fees and disbursements of their counsel, Skadden, Arps, Slate, Meagher & Flom LLP), transfer taxes payable on resale of any of the Certificates by them, and any advertising expenses connected with any offers they may make;

(4) If the Initial Purchasers shall not take up and pay for the Certificates due to the failure of the Company to comply with any of the conditions specified in Section 6 hereof, or, if this Agreement shall be terminated in accordance with the provisions of Section 8 or 9 hereof, to pay the fees and disbursements of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Initial Purchasers, and, if the Initial Purchasers shall not take up and pay for the Certificates due to the failure of the Company to comply with any of the conditions specified in Section 6 hereof, to reimburse the Initial Purchasers for their reasonable out-of-pocket expenses, in an aggregate amount not exceeding a total of $10,000, incurred in connection with the financing contemplated by this Agreement;

(5) During the period from the date hereof and continuing to and including the earlier of (i) the date on which the distribution of the Certificates ceases, as determined by the Initial Purchasers in their sole discretion, or the Time of Purchase, whichever is later, and (ii) the date which is 30 days after the Time of Purchase, not to offer, sell, contract to sell or otherwise dispose of any senior debt securities of the Company (other than the Senior Notes) or any substantially similar debt securities of the Company without the consent of the Representative;

(6) To prepare the Offering Circular in a form approved by the Representative and to furnish to the Initial Purchasers, without charge, as many copies of the Offering Circular and any supplements and amendments thereto as the Initial Purchasers may reasonably request;

(7) At any time prior to completion of the initial resales of the Certificates by the Initial Purchasers to purchasers, if any event shall have occurred as a result of which it is necessary

to amend or supplement the Offering Circular in order to make the statements therein, in the light of the circumstances existing when the Offering Circular is delivered to a purchaser, not misleading, forthwith to prepare and deliver, at its own expense, such amendment or supplement as may be necessary to make the

Offering Circular not misleading and to furnish the Initial Purchasers with such number of copies as the Initial Purchasers may reasonably request;

(8) So long as the Certificates are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, (i) to furnish to holders of Certificates and prospective purchasers of Certificates designated by such holders, upon request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act ("Additional Issuer Information"), unless such Additional Issuer Information is contained, at the time of such request, in documents filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act;

(9) Not to distribute, prior to the later to occur of the Time of Purchase and completion of the initial resales of the Certificates, any offering material in connection with the offering and sale of the Certificates other than the Preliminary Offering Circular and the Offering Circular and any amendments or supplements thereto contemplated hereby;

(10) To use their reasonable best efforts to permit the Certificates to be eligible for clearance and settlement through DTC;

(11) Not to, and to ensure that none of its Affiliates directly or through any agent, solicit any offer to buy or offer to sell the Securities by means of any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act;

(12) To refrain, and cause its Affiliates to refrain, from selling, offering for sale or soliciting offers to buy or otherwise negotiating in respect of any security (as defined in the Securities Act) in a transaction that could be integrated with the sale of the Certificates or the sale of the Senior Notes in a manner that would require the registration under the Securities Act of any of the Securities;

(13) To not, and not permit any of its Affiliates to, purchase, agree to purchase or otherwise acquire any of the Certificates which constitute "restricted securities" under Rule 144 under the Securities Act under circumstances that would require the registration of any of the Securities under the Securities Act;

(14) With respect to those Certificates sold in reliance on Regulation S, (i) not to, and to ensure that none of its Affiliates or any person acting on behalf of the Company or its Affiliates (other than the Initial Purchasers), engage in any directed selling efforts within the meaning of Regulation S and (ii) to, and to ensure that each of its Affiliates or any person acting on behalf of the Company or its Affiliates

(other than

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the Initial Purchasers), comply with the offering restrictions requirement of Regulation S;

(15) To use the net proceeds received from the sale of the Certificates pursuant to this Agreement in the manner specified under "Use of Proceeds" in the Offering Circular;

(16) The Trust agrees with the Initial Purchasers that the Trustee shall promptly furnish to the Company any Additional Issuer Information with respect to the Trustee required by the Company to comply with their agreement contained in Section 5(h) hereof.

6. The obligations of the Initial Purchasers hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements hereunder of the Trust, the Trustee and the Company are, at and as of the Time of Purchase, true and correct, the condition that the Trust, the Trustee and the Company shall have performed all of their respective obligations hereunder theretofore to be performed, and the following additional conditions:

(1) That all legal proceedings to be taken and all legal opinions to be rendered in connection with the issuance and sale of the Certificates and the other transactions contemplated hereby shall be satisfactory in form and substance to the Initial Purchasers and Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Initial Purchasers, and the Company and the Trust shall have furnished such counsel all documents and information that it may reasonably request to enable it to pass upon such matters;

(2) That, at the Time of Purchase, the Initial Purchasers shall be furnished with the following opinions, dated the day of the Time of Purchase, with such changes therein as may be agreed upon by the Company and the Initial Purchasers with the approval of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Initial Purchasers:

(1) Opinion of Gibson, Dunn & Crutcher LLP, counsel to the Company, substantially in the form attached hereto as Exhibit A;

(2) Opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Initial Purchasers, substantially in the form attached hereto as Exhibit B; and

(3) Opinion of Winthrop, Stimson, Putnam & Roberts, counsel to the Trustee, substantially in the form attached hereto has Exhibit D.

(3) That the Initial Purchasers shall have received a letter from PricewaterhouseCoopers LLP in form and substance satisfactory to the Initial Purchasers and dated the date of the Time of Purchase;

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(4) That no amendment or supplement to the Offering Circular shall contain material information substantially different from that contained in the Offering Circular which is unsatisfactory in substance to the Initial Purchasers or unsatisfactory in form to Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the Initial Purchasers;

(5) That, at the Time of Purchase, there shall not have been any material adverse change in the business, properties or financial condition of the Company from that set forth in the Offering Circular (other than changes set forth in or contemplated by the Offering Circular), and that the Company shall, at the Time of Purchase, have delivered to the Initial Purchasers a certificate of the Company executed by one of its officers to the effect that, (i) to the best of his knowledge, information and belief, there has been no such change, (ii) the warranties and representations contained in this Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the Time of Purchase, and (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied under this Agreement at or prior to the Time of Purchase;

(6) That the Initial Purchasers shall have received a certificate of the Swap Counterparty, dated the date of the Time of Purchase, regarding certain matters relating to the Swap Counterparty satisfactory to the Initial Purchasers;

(7) That the Initial Purchasers shall have received evidence satisfactory to them that Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), shall have publicly assigned ratings to the Certificates of at least "Baa3" and of at least "BBB-", respectively;

(8) The Trustee shall have delivered the Trust Call Option to the Callholder;

(9) The Callholder shall have delivered the Company Call Option to the Company;

(10) The Trustee shall have delivered the Currency Swap to the Swap Counterparty; and

(11) The Company shall have delivered the Contingent Swap to the Swap Counterparty.

In case any of the conditions specified above in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, this Agreement may be terminated by the Initial Purchasers at any time at or prior to the Time of Purchase upon written notice thereof to the Company. Any such termination shall be without liability of any party to any other party except as otherwise provided in Section 5(b), Section 5(c) and Section 5(d) hereof and except for any liability under Section 7 hereof.

7. (a) The Company agrees, to the extent permitted by law, to indemnify and hold harmless each of the Initial Purchasers and each person, if any, who

controls any such Initial Purchaser within the meaning of Section 20(a) of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Exchange Act or otherwise, and to reimburse the Initial Purchasers and such controlling person or persons, if any, for any legal or other expenses as incurred by them in connection with defending any action, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Circular or the Offering Circular, or if the Company shall furnish or cause to be furnished to the Initial Purchasers any amendments or any supplements to the Offering Circular, in the Offering Circular as so amended or supplemented, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission which was made in the Preliminary Offering Circular or the Offering Circular as so amended or supplemented in reliance upon the Initial Purchaser Information expressly for use therein, and except that this indemnity shall not inure to the benefit of either Initial Purchaser (or of any person controlling such Initial Purchaser) on account of any losses, claims, damages, liabilities or actions arising from the sale of the Certificates to any person if a copy of the Offering Circular, as the same may then be supplemented or amended (excluding, however, any documents then incorporated or deemed incorporated therein by reference), was not sent or given by or on behalf of such Initial Purchaser to such person with or prior to the written confirmation of the sale involved and the omission or alleged omission or untrue statement or alleged untrue statement was corrected in the Offering Circular as supplemented or amended at the time of such confirmation and the Offering Circular, as so amended and supplemented, was timely delivered to the Initial Purchasers by the Company. Each Initial Purchaser agrees within ten days after the receipt by it of notice of the commencement of any action in respect to which indemnity from the Company on account of its agreement contained in this Section 7(a) may be sought by it, or by any person controlling it, to notify the Company in writing of the commencement thereof, but the failure of such Initial Purchaser to so notify the Company of any such action shall not release the Company from any liability which it may have to such Initial Purchaser or to such controlling person pursuant hereto or otherwise, unless and to the extent it did not learn of such action otherwise and such failure results in the forfeiture by the Company of substantial rights and defenses. In case any such action shall be brought against either Initial Purchaser or any such person controlling such Initial Purchaser and such Initial Purchaser shall notify the Company of the commencement thereof, as above provided, the Company shall be entitled to participate in (and, to the extent that the Company shall wish, including the selection of counsel (which counsel shall be reasonably satisfactory to the Initial Purchasers), to direct) the defense thereof at their own expense. In case the

Company elects to direct such defense and select such counsel ("Company's Counsel") , any of the Initial Purchasers or any controlling person shall have the right to employ its own counsel, but, in any such case, the fees and expenses of such counsel shall be at the expense of such Initial Purchaser or controlling person unless (i) the Company has agreed in writing to pay such fees and expenses or (ii) the named parties to any such action (including any impleaded parties) include both such Initial Purchaser or any controlling person and the Company, and such Initial Purchaser or any controlling person shall have been advised by its counsel that a conflict of interest between the Company and such Initial Purchaser or controlling person may arise (and the Company's Counsel shall have concurred in good faith with such advice) and for this reason it is not desirable for the Company's Counsel to represent both the indemnifying party and the indemnified party (it being understood, however, that the Company 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 any Initial Purchaser or any controlling person (plus any local counsel retained by such Initial Purchaser or any controlling person in their reasonable judgment), which firm (or firms) shall be designated in writing by such Initial Purchaser or any controlling person).

(1) Each Initial Purchaser agrees, to the extent permitted by law, to indemnify, hold harmless and reimburse the Company, its directors and its officers, and each person, if any, who controls the Company within the meaning of Section 20(a) of the Exchange Act, to the same extent and upon the same terms as the indemnity agreement of the Company set forth in Section 7(a) hereof, but only with respect to untrue statements or alleged untrue statements or omissions or alleged omissions made in the Preliminary Offering Circular, the Offering Circular, or in the Offering Circular as amended or supplemented, in reliance upon and in conformity with the Initial Purchaser Information furnished in writing to the Company by such Initial Purchaser expressly for use therein. The Company agrees within ten days after the receipt by it or notice of the commencement of any action in respect to which indemnity from either Initial Purchaser on account of its agreement contained in this Section 7(b) may be sought by it, or by a person controlling it, to notify such Initial Purchaser in writing of the commencement thereof, but failure of the Company to so notify such Initial Purchaser of any such action shall not release such Initial Purchaser from any liability which it may have to the Company or to such controlling person pursuant hereto or otherwise, unless and to the extent it did not learn of such action otherwise and such failure results in the forfeiture by the Company of substantial rights and defenses.

(2) In the event that the indemnity provided in Section 7(a) or 7(b) hereof is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the Initial Purchasers severally agree to contribute to the aggregate losses,

claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating

or defending same) (collectively "Losses") to which the Company and one or more of the Initial Purchasers may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the Initial Purchasers on the other from the offering of the Certificates; provided, however, that in no case shall any Initial Purchaser (except as may be provided in any agreement among initial purchasers relating to the offering of the Certificates) be responsible for any amount in excess of the discount or commission applicable to the Certificates purchased by such Initial Purchaser hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Initial Purchasers severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the Initial Purchasers on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Initial Purchasers shall be deemed to be equal to the total discounts and commissions. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company on the one hand or the Initial Purchasers on the other. The Company and the Initial Purchasers agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 7(c), 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. For purposes of this Section 7, each person who controls an Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Initial Purchaser shall have the same rights to contribution as such Initial Purchaser, and each person who controls the Company within the meaning of either the Securities Act or the Exchange Act and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this Section 7(c).

(3) No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 7 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement,

compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim.

(4) Each of the Initial Purchasers confirms that the statements in

the Preliminary Offering Circular and the Offering Circular with respect to (i) the delivery of the Certificates set forth in the last paragraph on the cover page, (ii) transactions that stabilize, maintain or otherwise affect the price of the Certificates set forth in the penultimate paragraph under "Plan of Distribution" and (iii) the offer and resale of the Certificates set forth in the third paragraph under the table in "Plan of Distribution" (such statements, collectively, the "Initial Purchaser Information") are correct as to such Initial Purchaser and were furnished in writing to the Company by the Initial Purchasers expressly for use in the Preliminary Offering Circular and the Offering Circular.

8. If any Initial Purchaser under this Agreement 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 Certificates which it has agreed to purchase and pay for hereunder, and the aggregate principal amount of Certificates which such defaulting Initial Purchaser agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Certificates, the other Initial Purchasers shall be obligated severally in the proportions which the amount of Certificates set forth opposite their names in Schedule I hereto bears to the aggregate principal amount of Certificates set forth opposite the name of such non-defaulting Initial Purchaser, to purchase the Certificates which such defaulting Initial Purchaser agreed but failed or refused to purchase on the terms set forth herein; provided that in no event shall the principal amount of Certificates which any Initial Purchaser has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 8 by an amount in excess of one-ninth of such principal amount of Certificates without the written consent of such Initial Purchaser. In the event of any such purchase, (a) the non-defaulting Initial Purchaser or the Company shall have the right to fix as a postponed Time of Purchase a date not exceeding four full business days after the date specified in Section 4 hereof and (b) the new principal amount of Certificates to be purchased by the non-defaulting Initial Purchaser shall be taken as the basis of its underwriting obligation for all purposes of this Agreement. If any Initial Purchaser shall fail or refuse to purchase Certificates and the aggregate principal amount of Certificates with respect to which such default occurs is more than one-tenth of the aggregate principal amount of the Certificates then this Agreement shall terminate. In the event of any such termination, the Company shall not be under any liability to any Initial Purchaser (except to the extent, if any, provided in Section 5(b), Section 5(c), Section 5(d) or Section 7 hereof), nor shall any Initial Purchaser (other than an Initial Purchaser who shall have failed or refused to purchase the Certificates it has agreed to purchase and pay for hereunder without some reason sufficient to justify, in accordance with the terms hereof, its cancellation or termination of its obligations hereunder) be under any liability to the Company or the other Initial Purchasers.

Nothing herein contained shall release a defaulting Initial Purchaser from its liability to the Company or a non-defaulting Initial Purchaser for damages occasioned by its default hereunder.

9. This Agreement may be terminated at any time prior to the Time of Purchase by the Representative if, after the execution and delivery of this Agreement and prior to the Time of Purchase, in the Representative's reasonable judgment, the Initial Purchasers' ability to market the Certificates shall have been materially adversely affected because:

(1) trading in securities on the New York Stock Exchange shall have been generally suspended by the Commission or by the New York Stock Exchange, or

(2) any outbreak or material escalation of hostilities or other calamity or crisis materially adversely affecting the financial markets of the United States of America shall have occurred, or

(3) a general banking moratorium shall have been declared by federal, New York or Minnesota authorities.

If the Representative elects to terminate this Agreement, as provided in this Section 9, the Representative will promptly notify the Company by telephone or by telex or facsimile transmission, confirmed in writing. If this Agreement shall not be carried out by any Initial Purchaser for any reason permitted hereunder, or if the sale of the Certificates to the Initial Purchasers as herein contemplated shall not be carried out because the Company is not able to comply with the terms hereof, the Company shall not be under any obligation under this Agreement (except to the extent, if any, provided in Section 5(b), Section 5(c), Section 5(d) or Section 7 hereof) and shall not be liable to any Initial Purchaser or to any member of any selling group for the loss of anticipated profits from the transactions contemplated by this Agreement and the Initial Purchasers shall be under no liability to the Company nor be under any liability under this Agreement or to each other.

10. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Initial Purchasers shall be delivered or sent by mail, telex or facsimile transmission to the Representative at 100 North Tryon Street, Charlotte, North Carolina 25255, Attention: General Counsel; if to the Company to NRG Energy, Inc., 1221 Nicollet Mall, Minneapolis, Minnesota 55403, Attention: General Counsel and if to the Trust, to the Trustee at 101 Barclay Street, New York, New York 10286, Attention: Ming J. Shiang. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

11. The agreement herein set forth has been and is made solely for the benefit of the Initial Purchasers, the Trustee, the Company, the controlling persons, if any, referred to in Section 7 hereof, and their respective successors, assigns, executors and administrators, and, except as expressly otherwise provided in Section 8 hereof, no other person shall acquire or have any right under or by virtue of this Agreement.

12. The obligations of the Company and the Trust hereunder are subject to the Initial Purchasers' performance of their obligations hereunder. The obligations of the Company are subject

to the Trust's performance of its obligations hereunder and to the delivery at the Time of Purchase of the Company Call Option to the Company by the Callholder.

13. This Agreement will be governed and construed in accordance with the laws of the State of New York. The term "successors" as used in this Agreement shall not include any purchaser, as such purchaser, of any of the Certificates from either of the Initial Purchasers.

14. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

15. The indemnity and contribution agreements contained in Section 7 hereof, and all covenants, warranties and representations contained in this Agreement, shall remain in full force and effect regardless of any investigation made by or on behalf of any persons, and shall survive the delivery of and payment for the Certificates hereunder.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this letter agreement will become a binding agreement among the Company, the Trust and the Initial Purchasers in accordance with its terms.

Very truly yours,

NRG Energy, Inc.

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Vice President and Treasurer

NRG Energy Pass-Through Trust 2000-1

By: The Bank of New York, not in its individual capacity but solely as Trustee

By: /s/ Ming J. Shiang

Name: Ming J. Shiang
Title: Vice President

Accepted as of the date hereof:

Banc of America Securities LLC
ABN AMRO Incorporated
Deutsche Bank Securities Inc.

By: Banc of America Securities LLC,
as Representative

By: /s/ David J. Walker

Name: David J. Walker
Title: Vice President

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SCHEDULE I

Initial Purchaser	Principal Amount of Certificates to be Purchased
Banc of America Securities LLC	$200,000,000
ABN AMRO Incorporated	$25,000,000
Deutsche Bank Securities Inc.	$25,000,000
Total	$250,000,000

EXHIBIT 4.7

TRUST AGREEMENT

between

NRG ENERGY, INC.

and

THE BANK OF NEW YORK,

not in its individual capacity but solely
as Trustee

Dated as of March 20, 2000

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TRUST AGREEMENT dated as of March 20, 2000, between NRG Energy, Inc., a company incorporated under the laws of the State of Delaware (the "Company"), and The Bank of New York, a banking corporation duly organized and existing under the laws of New York, as trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company and the Trustee have duly authorized the execution and delivery of this Agreement to create and establish a new trust to be known as the NRG Energy Pass-Through Trust 2000-1 and trust certificates to be issued thereby, which certificates shall be known as the 8.70 % Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005 (the "Certificates"), and the Company and the Trustee shall herein specify certain terms and conditions in respect thereof.

WHEREAS, the Certificates shall have an aggregate Initial Certificate Principal Balance of $250,000,000 and shall entitle the holders thereof (the "Holders" or "Certificateholders") to distributions thereon to the extent of (i) collections on pound sterling 160,000,000 principal amount of Reset Senior Notes Due March 15, 2020 issued by the Company (the "Senior Notes"), (ii) Dollar Swap Payments by the Swap Counterparty with respect to the Currency Swap received by the Trustee and (iii) any other funds contained in the Certificate Account to the extent set forth herein.

WHEREAS, all representations, covenants and agreements made herein by the Company and the Trustee are for the benefit and security of the Certificateholders.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each party, for the benefit of the other parties and for the benefit of the Certificateholders, hereby agrees as follows:

ARTICLE I

Definitions and Assumptions

Section 1.1 Definitions

Except as otherwise specified herein or as the context may otherwise require, the following terms have the respective meanings set forth below for all purposes of this Agreement.

"Affiliate": With respect to any specified Person, 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.

"Agreement": This Agreement and all supplements hereto and modifications or amendments hereof, including the terms of the Certificates.

"Applicable Procedures": As defined in Section 5.2(b).

"Authenticating Agent": As defined in Section 6.12.

"Available Funds": For any Distribution Date, the aggregate amount deposited in the Certificate Account since the last Distribution Date with respect to (a) for so long as the Senior Notes are denominated in Pounds Sterling and no Swap Termination Event has occurred, any Dollar Swap Payment or other Dollar amount paid by the Swap Counterparty to the Trustee under the Currency Swap, (b) if a Swap Termination Event (other than as a result of a Conversion Event, Optional Tax Redemption or a Change of Control Repurchase) has occurred, the semi-annual interest payments on the Senior Notes and payments on or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee or, if applicable, any Swap Termination Payment (subject to Section 6.13) or Unpaid Amounts, (c) if a Conversion Event has occurred , the semi-annual interest payments on the Senior Notes and payments on or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee or, if applicable, any Unpaid Amounts, (d) all Option Proceeds and (e) all Liquidation Proceeds.

"Board of Directors": The Board of Directors of the Company.

"Business Day": With respect to (i) the Call Option, as defined therein, (ii) the Currency Swap, as defined therein, (iii) the Senior Notes, as defined in the Indenture, and (iv) this Agreement, each day which is not a Saturday, Sunday or a day on which banking institutions and foreign exchange markets in New York and London are authorized or obligated by law to remain closed.

"Call Exercise Date": February 15, 2005, or if such date is not a Business Day, the next preceding Business Day.

"Call Option": The Call Option, dated as of the Closing Date, between the Trustee and the Callholder, pursuant to the ISDA Master Agreement between such parties, dated March 20, 2000, the form of the confirmation for which is substantially in the form attached hereto as Exhibit B.

"Call Price": An amount equal to 100% of the outstanding principal amount of the then outstanding Senior Notes.

"Callholder": Bank of America, N.A., or any permitted assignee thereof.

"Certificateholder" or "Holder": With respect to any Outstanding Certificate, the Person in whose name a Certificate is registered in the Certificate Register on the applicable Record Date.

"Certificate Account": As defined in Section 3.3.

"Certificate Owner": A beneficial owner of a Certificate represented by a Global Security.

"Certificate Principal Amount": $250,000,000, or such lesser principal amount outstanding following a partial repurchase due to a Change of Control Offer.

"Certificate Principal Balance": With respect to an Outstanding Certificate, as determined at any time, the maximum amount that the Holder thereof is entitled to receive as a distribution of principal.

"Certificate Register" and "Certificate Registrar": As defined in Section 6.3.

"Certificates": The 8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005 issued by the Trust and authorized by, and authenticated and delivered under, this Agreement.

"Change of Control": The occurrence of one or more of the following events: (i) NSP (or its successors) shall cease to own a majority of the outstanding Voting Stock of the Company, (ii) at any time following the occurrence of the event described in clause (i), a Person or group (as that term is used in Section 13(d)(3) of the Exchange Act) of Persons (other than NSP) shall have become the beneficial owner directly or indirectly, or shall have acquired the absolute power to direct the vote, of more than 35% of the outstanding Voting Stock of the Company, or (iii) during any twelve-month period, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election or nomination was approved by a majority of the directors then in office who were either directors at the beginning of such period or who were previously so approved) shall have ceased for any reason to constitute a majority of the Board of Directors. Notwithstanding the foregoing, a Change of Control shall be deemed not to have occurred if one or more of the above events occurs or circumstances exist and, after giving effect thereto, the Senior Notes are rated Investment Grade. For purposes of clause (i), NSP's "successors" shall be deemed to include NSP, as the "surviving corporation," as that term is used in the Agreement and Plan of Merger, dated as of March 24, 1999, by and between NSP and New Century Energies, Inc., if the merger contemplated by such agreement is consummated substantially in accordance with the terms specified therein.

"Change of Control Offer": As defined in Section 3.4.

"Change of Control Repurchase": The repurchase of 100% of the outstanding Certificates pursuant to Section 3.4.

"Clearstream, Luxembourg": Clearstream Banking, societe anonyme (or any successor securities clearing agency).

"Closing Date": March 20, 2000.

"Code": The Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

"Commission": The Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act or, if at any time after the execution and delivery of this Agreement such Commission is not existing and performing the duties now assigned to it, then the body then performing such duties.

"Company": NRG Energy, Inc., a Delaware corporation, and if a successor Person shall have become the Company pursuant to any applicable provisions of this Agreement, the "Company" shall mean such successor Person.

"Company Order" or "Company Request": A written order or request, respectively, signed in the name of the Company, by any two of its officers and delivered to the Trustee.

"Conversion Event": The declaration, at any time prior to the Settlement Date, of the principal amount of the Senior Notes to be due and payable immediately in accordance with Section 3.3 of the Indenture as a result of the occurrence of an Event of Default thereunder.

"Corporate Trust Office": The office of the Trustee at which its corporate trust business shall be principally administered.

"Currency Swap": The Currency Swap Agreement between the Swap Counterparty and the Trustee, pursuant to an ISDA Master Agreement between such parties, dated March 20, 2000, the form of the confirmation for which is annexed hereto as Exhibit C.

"Definitive Certificates": As defined in Section 6.8.

"Depository": The Depository Trust Company.

"Distribution Dates": Each March 15 and September 15, or if such day is not a Business Day, the next succeeding Business Day, commencing September 15, 2000, through and including the Final Distribution Date.

"Dollar" or "$" or "USD": Such currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

"Dollar Distribution": A semi-annual Dollar payment calculated at an annual interest rate of 8.70% on the basis of a 360-day year consisting of twelve months of 30-days each, due on the Certificate Principal Amount.

"Dollar Swap Payment" a semi-annual Dollar payment made by the Swap Counterparty to the Trustee on behalf of the Certificateholders which is calculated at an annual interest rate of 8.70% on the basis of a 360-day year consisting of twelve months of 30-days each due on the lesser of $250,000,000 aggregate notional amount or a notional amount equal to the outstanding principal amount of the Certificates following a partial repurchase pursuant to a Change of Control Offer.

"Early Redemption Notice": As defined in Section 8.3.

"Early Redemption Right": The right of the Trustee as holder of the Senior Notes to require the Company to redeem all, but not less than all, the Senior Notes at a redemption price payable in Pounds Sterling equal to 100% of the principal amount thereof plus accrued but unpaid interest, if any, to such redemption date on March 15, 2005, which right the parties hereto acknowledge that the Trustee is required to exercise pursuant to Section 8.3 hereof.

"Eligible Account": Either (i) a segregated account maintained with a federal or State chartered depositary institution or trust company the long-term unsecured debt obligations of which are rated by the Rating Agencies the higher of (x) at least the then current long-term rating of the Senior Notes and (y) any one of its two highest long-term rating categories at the time any amounts are held in deposit therein, or (ii) a trust account maintained as a segregated account and held by a federal or State chartered depositary institution or trust company in trust for the benefit of the Certificateholders; provided, however, that with respect to this clause (ii), such depositary institution or trust company has a long-term rating in one of the four highest categories by the Rating Agencies.

"Eligible Expenses": All reasonable out of pocket expenses incurred or made by the Trustee, including costs of collection, in addition to the compensation agreed upon by the Company and the Trustee for the Trustee's services. Such expenses shall include the reasonable compensation, expenses and disbursements of the Trustee's agents, counsel and experts, which agents, counsel and experts shall, prior to the occurrence of an Event of Default or an event which with the giving of notice or passing of time or both would constitute an Event of Default, be agreed upon by the Company and the Trustee. The Company shall pay such expenses.

"Euroclear": The Euroclear Clearance System (or any successor securities clearing agency).

"Event of Default": An Event of Default under the Indenture.

"Exchange Act": The Securities Exchange Act of 1934, as amended.

"Executive Officer": With respect to any corporation, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the President, any Vice President, the Secretary, the Treasurer, any Assistant Treasurer or any Assistant Secretary of such corporation.

"Final Distribution": Unless made earlier in the event of a redemption of the Senior Notes pursuant to their terms, the distribution by the Trustee on the Final Distribution Date (i) of all Option Proceeds following an exercise of the Call Option by the Callholder or an exercise of the Early Redemption Right (and, as long as a Swap Termination Event shall not have occurred, upon receipt by the Trust from the Swap Counterparty of Dollars in an amount equal to the Certificate Principal Amount pursuant to the Currency Swap as a result of such exercise), as the case may be, or (ii) of all Liquidation Proceeds received by the Trustee following a Trust Termination Event, and (iii) of all Dollar Swap Payments received by the Trustee but not previously distributed pursuant to Section 4.1 hereof.

"Final Distribution Date": (i) March 15, 2005 in connection with an exercise of the Call Option or the Early Redemption Right or (ii) the Business Day following the receipt by the Trustee of the Liquidation Proceeds in connection with a Trust Termination Event.

"Global Security": The Rule 144A Global Security or the Regulation S Global Security.

"Indenture": The Indenture dated as of March 20, 2000 between the Company and The Bank of New York, as Trustee.

"Initial Certificate Principal Balance": The aggregate Certificate Principal Balance as of the Closing Date, which is $250,000,000.

"Initial Purchasers": Banc of America Securities LLC, ABN AMRO Incorporated and Deutsche Banc Securities Inc.

"Investment Grade": With respect to the Certificates, a rating of Baa3 or higher by Moody's Investors Service, Inc., and a rating of BBB- or higher by Standard and Poor's Ratings Group (or, if either or both of the foregoing Rating Agencies ceases to rate the Securities for reasons beyond the control of the Company, equivalent ratings by one or two (as the case may be) other nationally recognized statistical rating organizations (as such term is defined in Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act)); provided that if either of the foregoing rating agencies shall change its ratings designations while the Certificates are Outstanding, "Investment Grade" shall mean the lowest ratings designation signifying "investment grade" issued by such agencies (or higher).

"Liquidation Proceeds": All amounts, property or proceeds received by the Trustee in connection with a Trust Termination Event.

"Moody's": Moody's Investors Service, Inc., or its successors.

"NSP": Northern States Power Company, a Minnesota corporation.

"Officer's Certificate": A certificate signed by any Executive Officer of the Company or, in the case of the Trustee, a Responsible Officer.

"Opinion of Counsel": A written opinion of counsel, who may, except as otherwise expressly provided in this Agreement, be internal counsel for the Company, delivered to the Trustee.

"Option Proceeds": All amounts received by the Trust in respect of an exercise of the Call Option by the Callholder or an exercise of the Early Redemption Right by the Trustee, as the case may be.

"Optional Tax Redemption": The right of the Company to redeem the Senior Notes upon the occurrence of certain events as described in Section 3.6 of the Indenture.

"Outstanding": When used with respect to Certificates, means, as of the date of determination, all Certificates theretofore authenticated and delivered under this Agreement (including, as of such date, all Certificates represented by Restricted Global Securities authenticated and delivered under this Agreement) , except:

(1) Certificates theretofore cancelled by the Certificate Registrar or delivered to the Certificate Registrar for cancellation; and

(2) Certificates which have been issued pursuant to Section 6.4 or in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to this Agreement, unless proof satisfactory to the Trustee is presented that any such Certificates are held by a bona fide purchaser in whose hands such Certificates are valid obligations of the Trust;

provided, however, that in determining whether the holders of the required percentage of the aggregate Voting Rights of the Certificates have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Certificates beneficially owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be Outstanding, and the Voting Rights to which its Holder would otherwise be entitled shall not be taken into account in determining whether the requisite percentage of aggregate Voting Rights necessary to effect any such consent or take any such action has been obtained, except that (a) in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Certificates which the Trustee actually knows to be so owned shall be so disregarded, and (b) the foregoing shall not apply at any time when all of the Outstanding Certificates are owned by the Company or an Affiliate thereof. Certificates so owned that have been pledged in good faith may be regarded as Outstanding if the pledgor establishes to the satisfaction of the Trustee the pledgor's right so to act with respect to such Certificates and that the pledgee is not the Company or any Affiliate thereof.

"Participant": A broker, dealer, bank, other financial institution or other Person for whom from time to time the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"Paying Agent": As defined in Section 6.11.

"Payment Date": The semi-annual dates on which interest payments will be due on the Senior Notes as provided therein, being the 15th day of each March and September, with the first payment following the Closing Date to occur on September 15, 2000.

"Permitted Investments": One or more of the following:

(i) obligations of or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;

(ii) federal funds, certificates of deposit, demand deposits, time deposits and bankers' acceptances (which shall each have an original maturity of not more than 90 days and, in the case of bankers' acceptances, shall in no event have an original maturity of more than 365 days or a remaining maturity of more than 30 days) denominated in United States dollars of any U.S. depository institution or trust company incorporated under the laws of the United States or any state thereof or of any domestic branch of a foreign depository institution or trust company; provided that the debt obligations of

such foreign depository institution or trust company (or, if the only Rating Agency is S&P, in the case of the principal depository institution in a depository institution holding company, the debt obligations of the depository institution holding company) at the date of acquisition thereof have been rated by each Rating Agency in its highest short-term rating available; and provided further that, if the only Rating Agency is S&P and if the depository institution or trust company is a principal subsidiary of a bank holding company and the debt obligations of such subsidiary are not separately rated, the applicable rating shall be that of the bank holding company; and, provided further that, if the original maturity of such short-term obligations of a domestic branch of a foreign depository institution or trust company shall exceed 30 days, the short-term rating of such institution shall be AA in the case of S&P if S&P is the Rating Agency or an equivalent rating by any other Rating Agency;

(iii) commercial paper (having an original maturity of not more than 270 days or a remaining maturity of not more than 30 days) of any corporation incorporated under the laws of the United States or any state thereof which on the date of acquisition has been rated by each Rating Agency in its highest short-term rating available;

(iv) a money market fund or a qualified investment fund rated by each Rating Agency in its highest rating available.

"Person": Any legal person, including any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

"Pounds Sterling": Such currency of the United Kingdom as at the time of payment is legal tender for the payment of public and private debts.

"Predecessor Certificate": With respect to any particular Certificate, every previous Certificate evidencing all or a portion of the same interest as that evidenced by such particular Certificate; and, for the purpose of this definition, any Certificate authenticated and delivered under Section 6.4 in lieu of a mutilated, lost, destroyed or stolen Certificate shall be deemed to evidence the same interest as such mutilated, lost, destroyed or stolen Certificate.

"Proceeding": Any suit in equity, action at law or other judicial or administrative proceeding.

"Purchase Agreement": The Purchase Agreement among the Company, the Trust and the Initial Purchasers, dated March 14, 2000.

"Qualified Institutional Buyer" or "QIB": A "qualified institutional buyer" as defined in paragraph (a) of Rule 144A.

"Rating Agencies": Moody's and S&P.

"Rating Agency Condition": With respect to any action, that each of the Rating Agencies shall have been given 10 days (or such shorter period as may be acceptable to each Rating Agency) prior notice thereof and that each of the Rating Agencies shall have notified the Company and the Trustee in writing that such action will not result in a reduction, withdrawal or qualification of the then current rating of the Certificates.

"Record Date": With respect to any Distribution Date, the

close of business on the Business Day immediately preceding such Distribution Date; provided, however, that no Record Date shall be applicable to distributions to be made on the Final Distribution Date.

"Regulation S": Regulation S promulgated under the Securities Act.

"Regulation S Global Security": As defined in Section 5.1.

"Required Percentage": Unless otherwise specified herein, a majority of the aggregate Voting Rights of the Certificates.

"Required Percentage--Amendment": At least 66_ of the aggregate Voting Rights of the Certificates.

"Required Percentage--Direction of Trustee": A majority of the aggregate Voting Rights of the Certificates.

"Required Percentage--Remedies": At least 66_% of the aggregate Voting Rights of the Certificates.

"Required Percentage--Waiver": At least 66_% of the aggregate Voting Rights of the Certificates.

"Responsible Officer": The chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, any assistant vice president, the treasurer, any assistant treasurer, any trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Rule 144": Rule 144 promulgated under the Securities Act.

"Rule 144A": Rule 144A promulgated under the Securities Act.

"Rule 144A Global Security": As defined in Section 5.1.

"Rule 144A Information": As defined in Section 4.6.

"S&P": Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, or its successor.

"Securities Act": The Securities Act of 1933, as amended.

"Senior Notes": pound sterling 160,000,000 principal amount of NRG Energy's Reset Senior Notes Due March 15, 2020, issued pursuant to the Indenture.

"Settlement Date": March 15, 2005 or, if such day is not a Business Day, the next succeeding Business Day.

"State": Any one of the fifty states of the United States or the District of Columbia.

"Sterling Swap Payment": a semi-annual payment to be made by the Trustee to the Swap Counterparty which is calculated to equal the Pound Sterling semi-annual interest payment required to be made by the Company on the Senior Notes.

"Successor Certificate": Of any particular Certificate, every Certificate issued after, and evidencing all or a portion of the same interest as that evidenced by, such particular Certificate; and, for the purposes of this definition, any Certificate authenticated and delivered under Section 6.4 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Certificate shall be deemed to evidence the same interest as such mutilated, destroyed, lost or stolen Certificate.

"Swap Counterparty": Bank of America, N.A., or its successors.

"Swap Payment": Either of a Dollar Swap Payment or a Sterling Swap Payment.

"Swap Termination Event": shall mean the termination of the Currency Swap in accordance with its terms on March 15, 2005 (or, if such day is not a Business Day, the next succeeding Business Day), unless earlier terminated as a result of (a) the failure for 30 days by the Trustee to make a Sterling Swap Payment thereunder, (b) the failure by the Swap Counterparty to make a Dollar Swap Payment thereunder if such failure is not remedied on or before the third Business Day after notice of such failure is given by the Trustee to the Swap Counterparty, (c) the occurrence of a Conversion Event, (d) the occurrence of a redemption of the Senior Notes as a result of an Optional Tax Redemption, (e) the occurrence of a repurchase of the Senior Notes as a result of a Change of Control Repurchase, (f) the commencement of insolvency, conservatorship or receivership in respect of the Trust or (g) certain other events as described in the Currency Swap.

"Swap Termination Payment": Following a Swap Termination Event (other than as a result of a Conversion Event, Optional Tax Redemption or a Change

of Control Repurchase), payment of the amount, if any, due to the Trustee calculated as provided in the Currency Swap.

"Trust": NRG Energy Pass-Through Trust 2000-1, the trust created hereby and to be administered hereunder for the benefit of the Certificateholders, the corpus of which consists of the Trust Assets.

"Trust Assets": (i) the Senior Notes (including the rights under the Early Redemption Right), (ii) the rights of the Trustee under the Call Option, (iii) the rights of the Trustee under the Currency Swap and (iv) except as otherwise provided by Section 3.3, any funds on deposit in the Certificate Account, together with, in each case, any payments received by the Trustee in

connection with any such assets.

"Trust Termination Event": The first to occur of (a) the discharge by the Company of all of its obligations in respect of the Senior Notes following a Conversion Event, either by (i) payment in full of all amounts thereby due and payable under the Senior Notes or (ii) payment of a lesser amount which all Certificateholders agree shall be a complete satisfaction and discharge of the Company's obligations in respect of the Senior Notes, or (b) the final adjudication or settlement of all claims in respect of the Senior Notes following a bankruptcy, reorganization or similar proceeding of the Company, or (c) the occurrence of a redemption of the Senior Notes as a result of an Optional Tax Redemption or (d) the occurrence of a repurchase of the Senior Notes as a result of a Change of Control Repurchase.

"Trustee": The Bank of New York or any co-trustee appointed pursuant to Section 9.8, until a successor Person shall have become the Trustee pursuant to the applicable provisions of this Agreement, and thereafter "Trustee" shall mean such successor Person.

"Uniform Commercial Code": The Uniform Commercial Code as in effect in the relevant jurisdiction.

"United States": The United States of America (including the States), its territories, its possessions and other areas subject to its jurisdiction.

"Unpaid Amounts": Shall have the meaning set forth in the Currency Swap.

"Voting Rights": Each Certificate shall have the right to one vote for each $1,000 of the Certificate Principal Balance thereof.

"Voting Stock": With respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors (or persons fulfilling similar responsibilities) of such Person.

Section 1.2 Rules of Construction. Unless the context otherwise requires:

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

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles as in effect in the United States from time to time;

(3) "or" is not exclusive;

(4) the words "herein", "hereof"', "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(5) "including" means including without limitation; and

(6) words in the singular include the plural, and words in the plural include the singular.

ARTICLE II

Declaration of Trust; Issuance of Certificates

Section 1.3 Creation and Declaration of Trust; Purchase of the Senior Notes.

(1) Pursuant to the terms of this Agreement, a business trust to be known as "NRG Energy Pass-Through Trust 2000-1" is hereby created.

(2) Concurrently with the execution and delivery hereof, the Trustee shall enter into the Purchase Agreement. Pursuant to the Purchase Agreement, on the Closing Date, the Trustee shall (i) issue the Certificates, each Certificate representing an undivided beneficial interest in the Trust Assets, to or as requested by the Initial Purchasers, (ii) purchase the Senior Notes from the Company, on behalf of and for the benefit of the Certificateholders, in consideration for the net proceeds received by the Trust from the issue of the Certificates and the Call Option, (iii) grant the Call Option to the Callholder, on behalf of and for the benefit of the Certificateholders, and (iv) enter into the Currency Swap on behalf of and for the benefit of the Certificateholders. The Trust Assets shall be held by the Trustee for the benefit of the Certificateholders.

(3) In connection with the establishment of the Trust, and for the consideration stated in the Purchase Agreement, which the Trustee shall cause to be remitted to the Company on the Closing Date, the Company shall, not later than the Closing Date, issue the Senior Notes to the Trustee by physical delivery of such Notes, duly executed, to the Trustee or its nominee.

(4) The Trustee hereby (i) accepts the trusts created hereunder in accordance with the provisions of this Agreement, including, without limitation, the Trustee's obligation, as and when the same may arise, to make any payment or other distributions of Trust Assets as may be required pursuant to this Agreement and the Certificates and (ii) agrees to perform the duties herein required and that any failure to receive reimbursement of Eligible Expenses under Section 9.5 hereof shall not release the Trustee from its duties herein or therein.

Section 1.4 Representations and Warranties. (a) The Company hereby represents and warrants to the Trustee that as of the Closing Date:

(1) the Company is a corporation duly organized, validly existing and in good standing under Delaware law;

(2) the execution and delivery of this Agreement by the Company and its performance of and compliance with the terms of this Agreement will not violate the Company's articles of incorporation or by-laws or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in the breach or acceleration of, any material contract, agreement or other instrument to which the

Company is a party or which may be applicable to the Company or any of its assets;

(3) the Company has the full power and authority to enter into and consummate all transactions contemplated by this Agreement, has duly authorized the execution, delivery and performance of this Agreement and has duly executed and delivered this Agreement; this Agreement, upon its execution and delivery by the Company and assuming due authorization pursuant to the terms hereof, execution and delivery by the Trustee, will constitute a valid, legal and binding obligation of the Company, enforceable against it in accordance with the terms hereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally, and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law); and

(4) the Company is not in violation, and the execution and delivery of this Agreement by the Company and its performance and compliance with the terms of this Agreement will not constitute a violation, of any order or decree of any court or any order or regulation of any federal, State or municipal governmental agency having jurisdiction over the Company or its properties, other than those violations occurring in the ordinary course of business which would not reasonably be expected to have a material adverse effect on the condition (financial or otherwise) or operations of the Company or its properties or on the performance of its duties hereunder.

(2) It is understood and agreed that the representations and warranties set forth in this Section 2.2 shall survive delivery of the respective documents to the Trustee and shall inure to the benefit of the Trustee on behalf of the Certificateholders.

Upon discovery by either the Company or the Trustee of a breach of any of the foregoing representations and warranties which materially and adversely affects the interests of the Certificateholders, the party discovering such breach shall give prompt written notice thereof to the other parties.

Section 1.5 Breach of Representation, Warranty or Covenant. Within 60 days of the earlier of discovery by the Company or receipt of notice by the Company of a breach of any of its representations or warranties set forth in Section

2.2 that materially and adversely affects the interests of the Certificateholders, the Company shall cure such breach in all material respects.

Section 1.6 Agreement to Authenticate and Deliver Certificates. The Trustee hereby agrees and acknowledges that it will,

concurrently with the receipt by it of the Senior Notes, the entering into of the Currency Swap and the granting of the Call Option, cause to be authenticated and delivered to or upon the order of the Initial Purchasers, in exchange for the consideration set forth in the Purchase Agreement, Certificates duly authenticated by or on behalf of the Trustee in authorized denominations evidencing ownership of the entire Trust, all in accordance with the terms and subject to the conditions of Sections 6.2 and 6.10.

ARTICLE III

Administration of Trust

Section 1.7 Administration of Trust.

(1) The Trustee shall administer the Trust Assets for the benefit of the Certificateholders. Subject to Article IX hereof and the terms of the Certificates, the Call Option and the Currency Swap, the Trustee shall have full power and authority to do or cause to be done any and all things in connection with such administration which it deems necessary to comply with the terms of this Agreement.

Section 1.8 Receipt of Trust Asset Payments. The Trustee shall receive and accept, for the benefit of Certificateholders, all payments made under the Trust Assets in a manner consistent with the terms of this Agreement and such Trust Assets.

Section 1.9 Certificate Account.

(1) The Trustee shall establish and maintain an Eligible Account or Eligible Accounts held in trust for the benefit of the Certificateholders (each, a "Certificate Account"). The Trustee on behalf of such Certificateholders shall possess all right, title and interest in all funds on deposit from time to time in each Certificate Account and in all proceeds thereof. Each Certificate Account shall be under the sole dominion and control of the Trustee for the benefit of the Certificateholders. The Trustee shall deposit or cause to be deposited in each

Certificate Account promptly (and in no event later than the close of business (New York City time) on the day of receipt of such amounts) all amounts collected with respect to the Trust Assets, including:

(1) for so long as the Senior Notes are denominated in Pounds Sterling and no Swap Termination Event has occurred, the semi-annual interest payments on the Senior Notes and payments of or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee in respect of the Senior Notes and, after compliance by the Trustee with the next succeeding paragraph, any Dollar Swap Payment or other Dollar amount paid by the Swap Counterparty to the Trustee under the Currency Swap;

(2) if a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase) has occurred, the semi-annual interest payments on the Senior Notes and payments on or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee or, if applicable, any Swap Termination Payment or Unpaid Amounts;

(3) if a Conversion Event has occurred, the semi-annual interest payments on the Senior Notes and payments of or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee or, if applicable, any Unpaid Amounts;

(4) all Option Proceeds; and

(5) all Liquidation Proceeds.

The Trustee shall withdraw or cause to be withdrawn from the relevant Certificate Account, on the date of payment therefor, all Sterling Swap Payments to be paid by the Trustee to the Swap Counterparty.

The proceeds of the Call Price shall be invested in Permitted Investments which shall mature no later than the Final Distribution Date and may be so invested as directed by the Callholder. Any interest or investment income received on the Call Price from the Business Day prior to the Settlement Date to the Settlement Date deposited in the Certificate Account will not constitute property of the

Trust and shall not be available to Certificateholders. The Trustee shall remit all such income to the Callholder on the Final Distribution Date.

It is understood and agreed that payments in the nature of prepayment or redemption penalties, late payment charges or assumption fees which may be received by the Trustee shall be deposited by the Trustee in a Certificate Account and shall not be retained by the Trustee for its own account.

If, at any time, any Certificate Account ceases to be an Eligible Account, the Trustee shall within 10 Business Days (or such longer period, not to exceed 30 calendar days, as to which the Rating Agency Condition is met) establish a new Certificate Account meeting the conditions for an Eligible Account and transfer any cash and any investments (as described in the second preceding paragraph) on deposit in the ineligible Certificate Account to such new Certificate Account, and from the date such new Certificate Account is established, it shall be a Certificate Account.

(2) The Trustee shall give notice to the Company and the Rating Agencies of any proposed change to the location of any Eligible Account constituting a Certificate Account and shall not effect such change unless the Rating Agency Condition is satisfied.

(3) As provided in the Currency Swap, on each March 15 and September 15 (or, the immediately succeeding Business Day, if such March 15 or September 15 is not a Business Day), commencing September 15, 2000, the Swap Counterparty will pay a Dollar Swap Payment to the Trustee, and the Trustee will pay a Sterling Swap Payment to the Swap Counterparty. Following a Swap Termination Event under the Currency Swap, the Currency Swap will terminate, and no further scheduled payments will be owed by the Trustee or the Swap Counterparty under the Currency Swap (it being understood that any unpaid Dollar Swap Payment or other Dollar amount owing by the Swap Counterparty at the time of such Swap Termination Event shall remain due and owing and that, in the case of a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase), the Trustee on behalf of the Certificateholders shall have a claim against the Swap Counterparty for any Swap Termination Payment).

(4) Upon the occurrence of a Conversion Event, the Senior

Notes shall automatically become Dollar denominated Senior Notes with a principal

amount equal to the Certificate Principal Amount, effective from the date of the immediately preceding interest payment date with respect to the Senior Notes, with an annual interest rate of 8.70% until the Final Distribution Date, payable on March 15 and September 15 of each year. Upon such conversion, all distributions on the Certificates shall be payable from amounts paid by the Company under the Senior Notes and received by the Trustee in respect of the Senior Notes or, if applicable, any Unpaid Amounts.

Section 1.10 Repurchase of Certificates Upon a Change of Control.

(a) Upon a Change of Control, each Holder shall have the right to request the Trustee to repurchase such Holder's Certificates, in whole or in part, at 101% of the principal amount plus accrued interest thereon, if any, to the date of such repurchase, in accordance with the terms set forth in subsection (b) below. Subsequent to such exercise on the part of any Holder, the Trust shall exercise its option to require the Company to repurchase a pro rata portion of the Senior Notes at 100% of the applicable principal amount thereof plus accrued interest thereon, if any, to the date of such repurchase. Concurrently, the Trustee shall require the Company to make a Dollar payment equal to 1% of the principal amount of the Certificates to be repurchased. The Trustee shall pay to such Holder the repurchase price of the Certificates from the Dollar proceeds received from (a) the Swap Counterparty in exchange for the Trustee's payment to the Swap Counterparty of the repurchase price and interest received in Pounds Sterling from the Company's repurchase of such Senior Notes and (b) the payment received from the Company in Dollars.

(1) Within 30 days following any Change of Control, the Company shall notify the Trustee of such Change of Control, and the Trustee, within 15 days of receipt of notice of a Change of Control from either the Company or the Holder or Holders of not less than 10% of the principal amount of the outstanding Certificates, shall mail a notice to each Holder stating:

(1) that a Change of Control has occurred and that such Holder has the right to request the Trust to repurchase such Holder's Certificates at a repurchase price in Dollars equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of repurchase (the "Change of Control Offer");

(2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical

income, cash flow and capitalization of the Issuer after giving effect to such Change of Control), if such information shall have been furnished to the Trustee;

(3) the repurchase date (which shall be a Business Day

and be not earlier than 30 days or later than 60 days from the date such notice is mailed) (the "Repurchase Date");

(4) that any Certificate not tendered for purchase will continue to accrue interest;

(5) that interest on any Certificate accepted for payment pursuant to the Change of Control Offer shall cease to accrue after the repurchase of such Certificate on the Repurchase Date, if the repurchase proceeds are paid to the Trustee on or prior to such date;

(6) that Holders electing to have a Certificate purchased pursuant to a Change of Control Offer shall be required to surrender the Certificate, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Certificate completed, to the Trustee at the address specified in the notice prior to the close of business on the Business Day 10 days prior to the Repurchase Date;

(7) that a Holder shall be entitled to withdraw its election if the Trustee receives, not later than the close of business on the third Business Day (or such shorter period as may be required by applicable law) preceding the Repurchase Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Certificates the Holder delivered for repurchase, and a statement that such Holder is withdrawing its election to have such Certificates repurchased; and

(8) that Holders that elect to have their Certificates repurchased only in part will be issued new Certificates in a principal amount equal to the unpurchased portion of the Certificates surrendered.

(2) On the Repurchase Date, the Trust shall (i) accept for payment Certificates or portions thereof tendered pursuant to the Change of Control Offer, (ii) make and receive payments as described in subsection (a) above, and (iii) promptly authenticate and mail to such Holders new Certificates in a principal amount equal to any unpurchased portion of the Certificates surrendered. The

Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Repurchase Date.

(3) The Company shall comply with Rule 14e-1 under the Exchange Act and any other applicable laws and regulations in the event that a Change of Control occurs and the Trust is required to make a Change of Control Offer.

Section 1.11 Realization Upon Defaulted Senior Notes. Subject to the provisions of Article IX hereof, the Trustee, on behalf of the Certificateholders, shall take such reasonable steps as are necessary to receive payment or to permit recovery with respect to the Senior Notes; provided, however, that if, notwithstanding the Trustee's efforts, payment has not been made on the Senior Notes and an Event of Default has occurred, the Trustee's sole obligation in respect of the Senior Notes shall be to undertake the procedures set forth in Section 6.13 hereof.

Section 1.12 Access to Certain Documentation. The Trustee shall provide to any federal, State or local regulatory authority that may exercise authority over any Certificateholder access to the documentation regarding the Trust Assets required by applicable laws and regulations. Such access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Trustee. In addition, access to the documentation regarding the Trust Assets will be provided to any Certificateholder upon reasonable request during normal business hours at the

Corporate Trust Office of the Trustee at the expense of the Certificateholder requesting such access. Additionally, the Trustee shall provide at the request of any Certificateholder without charge to such Certificateholder the name and address of each Certificateholder of Certificates hereunder as recorded in the Certificate Register for purposes of contacting the other Certificateholders with respect to their rights hereunder or for the purposes of effecting purchases or sales of the Certificates, subject to the transfer restrictions set forth herein. The Company shall assist the Trustee in fulfilling any such request.

Section 1.13 Expenses of Trust. The Company hereby agrees to pay to each Person to whom the Trust becomes indebted or liable the full amount, when and as due, of any indebtedness, expenses or liabilities of the Trust, other than under the Certificates, the Currency Swap or the Call Option. The Trust hereby agrees not to incur any such other debt.

Section 1.14 No Merger or Consolidation of Trust. The Trust may not merge with or into, convert into, consolidate or amalgamate with or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any other Person.

Section 1.15 Exchange Rate Agency Agreement. The Trust will appoint the Trustee as the agent under an exchange rate agency agreement, and will enter into such an agreement with the Trustee, provided that such agreement shall have such terms and provisions as are reasonably acceptable to the Trustee, promptly upon the occurrence of any event that, with the passage of time or the giving of notice or both, would constitute, and in no event later than the occurrence of, a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase).

ARTICLE IV

Distributions and Reports to Certificateholders; Transfer of Certificates

Section 1.16 Distributions.

(1) On each Distribution Date and so long as the Trustee shall have received the Pound Sterling Interest Payment from the Company, the Trustee shall distribute to the Certificateholders, to the extent of Available Funds, if any, the Dollar Distribution; provided, however, that if any such date is not a Business Day, the Trustee shall make such distribution on the next succeeding Business Day; provided, further, that if the Trustee has not received a Dollar Swap Payment or other Dollar amount owed by the Swap Counterparty to the Trustee under the Currency Swap by 11:00 a.m. (New York City time) on such Distribution Date (or, if such Distribution Date occurs on or after a Conversion Event, if the Trustee has not received any payment owed on the Senior Notes by 11:00 a.m. (New York City time) on such Distribution Date), or by 11:00 a.m. (New York City time) on any Business Day succeeding such Distribution Date, as applicable, the Trustee shall upon receipt of such funds make such distribution no later than the next succeeding Business Day (and no additional amounts shall accrue on the Certificates or be owed to Certificateholders as a result of any such delay); and provided, further, that, on each Distribution Date occurring on or after a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase), the Trustee shall

distribute to the Certificateholders, to the extent of

Available Funds, if any, a semi-annual Pounds Sterling payment calculated at an annual interest rate as described in the Indenture on the basis of a 365 or 366-day, as applicable, year and the actual number of days elapsed due on the principal amount of the Senior Notes (subject to the provisos set forth above). Any funds held by the Trustee hereunder as a result of a delay shall be held uninvested and without liability for interest thereon.

(2) Dollar Distributions or Pounds Sterling distributions, as the case may be, to the Certificateholders with respect to each Distribution Date will be made to the Certificateholders of record on the related Record Date (except as otherwise provided in Section 10.1 hereof in respect of the Final Distribution).

(3) All Dollar Distributions or Pounds Sterling distributions, as the case may be, to Certificateholders shall be allocated pro rata among the Certificateholders based on the respective principal balance of the Certificates held by each such Certificateholder as of the Record Date with respect to such Distribution Date.

(4) Subject to Section 4.1(a) and Section 4.2, the Trustee will pay in immediately available funds on each Distribution Date all amounts payable to each Certificateholder with respect to any Certificate held by such Certificateholder or its nominee (without the necessity for any presentation or surrender thereof or any notation of such payment thereon) in the manner and at the address as each Certificateholder may from time to time direct the Trustee in writing fifteen days prior to such Distribution Date requesting that such payment will be so made and designating the bank account to which such payment shall be made. The Trustee shall be entitled to rely on the last instruction delivered by the Certificateholder pursuant to this Section 4.1(d) unless a new instruction is delivered at least fifteen days prior to a Distribution Date.

(5) The rights of the Certificateholders to receive Dollar Distributions or Pounds Sterling distributions, as the case may be, in respect of the Certificates, and all interests of the Certificateholders in such Dollar Distributions or Pounds Sterling distributions, as the case may be, shall be as set forth herein. The Trustee shall in no way be responsible or liable to the Certificateholders nor shall any Certificateholder in any way be responsible or liable to any other Certificateholder in respect of amounts previously distributed on the Certificates based on their respective Certificate Principal Balances.

Section 1.17 Final Distributions.

(1) On the Final Distribution Date, the Trustee shall distribute to Certificateholders (in addition to the Dollar Distribution or Pounds Sterling distribution, as the case may be, as provided in Section 4.1) an

amount equal to the Option Proceeds or the Liquidation Proceeds, as the case may be, plus any other amount received in respect of the Currency Swap received on the Final Distribution Date, plus any additional amounts remaining in the Certificate Account on the Final Distribution Date after the payment of amounts, if any, due to the Callholder pursuant to Section 3.3 hereof; provided, however, if the Final Distribution Date is not a Business Day, the Trustee shall make such distribution on the next succeeding Business Day; and provided, further, that if the Trustee has not received such amounts by 11:00 a.m. (New York City time) on any Business Day , the Trustee shall upon receipt of such funds make such distribution no later than the next succeeding Business Day (and no additional amounts shall accrue on the Certificates or be owed to Certificateholders as a result of any such delay).

(2) Except as otherwise provided in Article X, the Final Distribution shall be made to each Certificateholder only upon the presentation and surrender of such Holder's Certificates at a designated office of the Trustee in New York City or such other office of the Trustee as may be specified in the notice referred to in Section 11.6.

(3) Except as otherwise provided in Article X, in connection with the Final Distribution, no later than 30 days preceding the Final Distribution Date, the Trustee shall give notice to each Certificateholder:

(1) of the date that the Trustee expects that the Final Distribution will be made, but only upon presentation and surrender of Certificates at the Corporate Trust Office or such other office of the Trustee specified in such notice;

(2) of the expected amount of the Final Distribution for each Certificate per initial $100,000 Certificate Principal Balance; and

(3) that distributions will be made to Certificateholders only upon presentation and surrender of the Certificate or Certificates of each such Certificateholder at the Corporate Trust Office or such other specified office or agency of the Trustee.

(4) Any funds not distributed to a Certificateholder on the Final Distribution Date because of the failure of such Certificateholder to tender its Certificate or Certificates shall, on such date, be set aside and held in trust and credited to the account of such non-tendering Certificateholder. If any Certificates as to which notice has been given pursuant to this Section 4.2 shall not have been surrendered for cancellation within six months after the date specified in such notice, the Trustee shall give a second notice to the remaining non-tendering Certificateholders to surrender their Certificates for cancellation in order to receive the Final Distribution with respect thereto. If within one year after the second notice all such Certificates shall not have been surrendered for cancellation, subject to applicable laws with respect to escheat of funds, such amounts shall be discharged from the Trust and be paid by the Trustee to the Company; and such Certificateholder shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof (but only to the extent of the amounts so paid to the Company), and all liability of the Trustee with respect to such trust money shall thereupon cease. The costs and expenses of maintaining the funds in trust shall be paid from the assets remaining in trust. No interest shall accrue on or be payable to any Certificateholder on any amount held in

trust as a result of such Certificateholder's failure to surrender its Certificate or Certificates for the Final Distribution in respect thereof in accordance with this Section 4.2.

Section 1.18 Reports to Certificateholders. On the Business Day following each Distribution Date, the Trustee shall forward or cause to be forwarded to the Company and each Certificateholder a statement (which is based on information provided to the Trustee by the Company for such purpose) setting forth the amount of the distribution on such Distribution Date to Certificateholders allocable to principal of and interest on the Senior Notes and the amount of aggregate unpaid interest accrued on the Notes as of such Distribution Date. Such amounts shall be expressed as a Dollar amount per minimum denomination of Certificates or for such other specified portion thereof. Within the prescribed period of time for tax reporting purposes after the end of each calendar year during the term of this Agreement, the Trustee shall furnish (or cause to be furnished), to each Person who at any time during such calendar year shall have been a holder of record of Certificates and received any payment thereon, a statement (prepared by the Company and delivered to the Trustee) containing such information as may be required by the Code and applicable Treasury Regulations to enable such Certificateholder to prepare its federal income tax returns.

Section 1.19 Compliance with Withholding Requirements; Tax Treatment and Reporting.

(1) Notwithstanding any other provision of this Agreement to the contrary, the Trustee shall comply with all federal withholding requirements respecting distributions to beneficial owners of Certificates that the Trustee reasonably believes are applicable under the Code (including any requirements to withhold at reduced rates upon receipt of appropriate federal tax forms). The consent of Certificateholders or beneficial owners of Certificates shall not be required for such withholding. In the event the Trustee does withhold any amount from distributions to any beneficial owners of Certificates pursuant to federal withholding requirements, the Trustee shall indicate in the statement required pursuant to Section 4.3 the amount so withheld.

(2) The Trustee shall (i) maintain (or cause to be maintained) the books of the Trust on a calendar year basis using the accrual method of accounting, (ii) pursuant to instructions from the Company, file such tax returns relating to the Trust and make such elections as may from time to time be required or appropriate under any applicable State or federal statute or rule or regulation thereunder so as to maintain the Trust's characterization as a grantor trust for federal income tax purposes, (iii) cause such tax returns to be signed in the manner required by law, and (iv) collect and pay over (or cause to be collected and paid over) to the appropriate governmental authority any withholding tax as described in and in accordance with Section 4.4(a) with respect to income or distributions to Certificateholders.

Section 1.20 Transfer of Certificates.

(1) General. A Certificateholder may, in any transaction or series of transactions, directly or indirectly (each of the following, a "transfer"), (i) sell, assign or otherwise in any manner dispose of all or any part of its interest in any Certificate issued to it, whether by act, deed, merger or otherwise, or (ii) mortgage, pledge or create a lien or security interest in such beneficial interest, in each case, only if such transfer satisfies the conditions set forth in this Section 4.5. No purported transfer of any interest in any Certificate or any portion thereof which is not made in

accordance with this Section 4.5 shall be given effect by or be binding upon the Trust or the Trustee, and any such purported transfer shall be null and void ab initio and vest in the transferee no rights against the Trust or the Trustee.

(2) Conditions to Transfer. Subject to the requirements contained in Articles V and VI hereof, a Certificateholder may sell or otherwise transfer a Certificate or its beneficial interest in a Certificate only (A)(i) to the Trust, (ii) pursuant to a registration statement which has been declared effective under the Securities Act, (iii) for so long as the Certificates are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales to non-US persons that occur outside the US within the meaning of Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act.

(3) Invalid Transfers. If the Trustee or the Certificate Registrar determines that (i) a transfer or attempted or purported transfer of any interest in any Certificate was consummated in reliance on an incorrect form or certification from the transferee or purported transferee, (ii) a transferee failed to deliver to the Trustee or the Certificate Registrar any form or certificate required to be delivered hereunder or (iii) the holder of any interest in a Certificate is in breach of any representation or agreement set forth in any certificate or any deemed representation or agreement of such holder, the Certificate Registrar will not register such attempted or purported transfer, and, if a transfer has been registered, such transfer shall be absolutely null and void ab initio and shall vest no rights in the purported transferee (such purported transferee, a "Disqualified Transferee"), and the last preceding Holder of such Certificate that was not a Disqualified Transferee shall be restored to all rights as a Holder thereof retroactively to the date of transfer of such Certificate by such Holder, except as to any payments made to such transferee prior to receipt by the Trustee or the Certificate Registrar of notice or other evidence that such transferee was a Disqualified Transferee.

In addition, the Trustee may require that the interest in the Certificate purported to be transferred to a Disqualified Transferee be transferred to any Person (other than the Company or one of its Affiliates) designated by the Company at a price determined by the Company based upon its estimation of the prevailing price of such interest and each Certificateholder, by acceptance of an interest in a Certificate, authorizes the Trustee to take such action. In any case, neither the Trustee nor the Certificate Registrar will be held responsible for any losses that may be incurred as a result of any required transfer under this Section 4.5(c).

Notwithstanding anything contained herein to the contrary, neither the Trustee nor the Certificate Registrar shall be responsible for ascertaining whether or

not any transfer complies with the registration provisions of or exemptions from, or is otherwise not subject to the provisions of, the Securities Act or

applicable State securities law; provided that if a certificate is specifically required to be delivered to the Trustee or the Certificate Registrar by a purchaser or transferee of a Certificate, the Trustee or the Certificate Registrar shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement and shall promptly notify the party delivering the same if such certificate does not conform.

Section 1.21 Rule 144A Information. At any time when the Trust is not subject to Section 13 or 15(d) of the Exchange Act, upon the request of any Certificateholder and provided that the Company shall have complied with the succeeding sentence, the Trust shall promptly furnish to such Certificateholder or to a prospective purchaser of a Certificate designated by such Certificateholder, as the case may be, the information required to be delivered pursuant to paragraph (d)(4) of Rule 144A in order to permit compliance by such Certificateholder with Rule 144A in connection with the resale of such Certificate by such Certificateholder. The Company will provide the Trust, in a timely manner, with the information required to be delivered by the Trust under this Section 4.6.

ARTICLE V

Security Forms

Section 1.22 Forms Generally. The Certificates and the Trustee's certificates of authentication thereof shall be in substantially the forms set forth in Exhibit A, with such appropriate legends, insertions, omissions, substitutions and other variations as are required or permitted by this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Certificates, as evidenced by their execution of the Certificates.

Certificates offered and sold in their initial distribution in reliance on Rule 144A shall be issued in the form of one or more Restricted Global Securities (collectively, and, together with their Successor Certificates, the "Rule 144A Global Security"). Certificates offered and sold in their initial distribution in reliance on Regulation S shall be issued in the form of one or more Regulation S Global Securities (collectively, and, together with their Successor Certificates, the "Regulation S

Global Security"). Each of the Rule 144A Global Security and the Regulation S Global Security shall be in fully registered form without interest coupons, substantially in the form of Certificate set forth in Exhibit A, with such applicable legends as are provided for in Sections 5.2 and 6.8(a), except as otherwise permitted herein, and initially shall be registered in the name of the Depository or its nominee and deposited with The Bank of New York, as custodian for the Depository, at the Corporate Trust Office of The Bank of New York, duly executed by the Trust and authenticated by the Trustee as hereinafter provided, for credit by the Depository to the respective accounts of beneficial owners of the Certificates represented thereby (or such other accounts as they may direct).

Section 1.23 Restricted Legend. (a) All Certificates initially issued hereunder shall, upon issuance, bear the applicable legends as are provided in Sections 5.2(c) and 6.8(a), and such legends shall not be removed except as set forth in Section 5.2(b) or unless the Trustee determines otherwise based upon a Company Order (which shall state that such Certificate may be issued without such legend in accordance with applicable law) delivered to the Trustee (and the Certificate Registrar, if other than the Trustee).

(1) Unless with respect to the whole or any portion of any Certificate that bears or is required to bear the applicable legends as are provided in Section 5.2(c) the Trustee determines otherwise as provided in Section 5.2(a), such legends shall be removed by the Trustee (i) in the case of the Rule 144A Global Security or any Definitive Certificate issued in exchange for an interest therein, upon presentation thereof by the Certificateholder to the Trustee at any time on or after the occurrence of the "Resale Restriction Termination Date" specified in such legends, and (ii) in the case of the Regulation S Global Security or any Definitive Certificate issued in exchange for an interest therein, upon presentation thereof by the Certificateholder to the Trustee at any time on or after the expiration of the "distribution compliance period" (within the meaning of Regulation S). If a holder of a beneficial interest in the Rule 144A Global Security wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Regulation S Global Security, or if a holder of a beneficial interest in the Regulation S Global Security wishes at any time to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Rule 144A Global Security, upon receipt by the Trustee of (A) written instructions given in accordance with the rules and procedures of the Depository (together with, as applicable, the rules and procedures of Euroclear and Clearstream, Luxembourg, the "Applicable Procedures") from the applicable Participant directing

the Trustee to cause to be credited to another account of a Participant a beneficial interest in the Regulation S Global Security or the Rule 144A Global Security (as the case may be) equal to that of the beneficial interest in the Rule 144A Global Security or the Regulation S Global Security (as the case may be) to be so transferred, (B) a written order given in accordance with the Applicable Procedures containing information regarding such other account, as well as the account of Euroclear or Clearstream, Luxembourg (as the case may be) for which such other account is held, to be credited with, and the account of such applicable Participant to be debited for, such beneficial interest, and (C) a certificate satisfactory to the Company, the Trust and the Trustee, as to such transfer's compliance with the registration requirements of the Securities Act, given by the transferor of such beneficial interest, the Trustee shall (1) reduce or increase (as the case may be) the principal amount of the Rule 144A Global Security, and increase or reduce (as the case may be) the principal amount of the Regulation S Global Security, in each case by an amount equal to the principal amount of the beneficial interest in the Rule 144A Global Security or the Regulation S Global Security (as the case may be) to be so transferred, as evidenced as provided in Section 6.8(c), and (2) instruct the Depository to credit and debit such beneficial interests to the respective accounts specified in the instructions referred to above.

(2) Each Certificate initially issued hereunder shall, upon issuance, bear the following legends:

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS CERTIFICATE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS CERTIFICATE, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE TRUST OR ANY AFFILIATE OF THE TRUST WAS THE OWNER OF THIS CERTIFICATE (OR ANY PREDECESSOR OF

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THIS CERTIFICATE) OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT, ONLY (A) TO THE TRUST, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS CERTIFICATE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, SUBJECT TO THE RIGHT OF THE TRUST, THE COMPANY AND THE TRUSTEE PRIOR TO SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE OR SUCH EARLIER TIME AS DETERMINED BY THE TRUST IN ACCORDANCE WITH APPLICABLE LAW.

ARTICLE VI

The Certificates

Section 1.24 Designation; Certificate Principal Amount and Denominations. There is hereby created a series of trust certificates to be issued pursuant to this Agreement to be known as "8.70% Remarketable or Redeemable

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Securities ("ROARS") Due March 15, 2005". The Certificates shall be issued in the form of one or more Global Securities as set forth in Article V and Section 6.8 hereof. Except as provided in Section 6.4, the maximum Certificate Principal Balance that may be authenticated and delivered under this Agreement is $250,000,000. The Certificates are issuable in minimum denominations of $100,000 and in integral multiples of $1,000 in excess thereof.

Section 1.25 Execution, Authentication and Delivery.

(1) The Certificates shall be executed by the Trustee, on behalf of the Trust. The signature may be manual or facsimile. Certificates bearing the manual or facsimile signature of individuals who were at any time the proper officers of the Trustee shall be binding, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Certificates or did not hold such offices at the date of such Certificates.

(2) The Certificates that are executed, authenticated and delivered by the Trustee to or upon the Company Order on the Closing Date shall be dated the Closing Date. All other Certificates that are executed and authenticated after the Closing Date for any other purpose under the Agreement shall be dated the date of their authentication. Except as provided in Section 6.4, the Certificates shall all be originally issued on the Closing Date.

(3) No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Certificate a certificate of authentication substantially in one of the forms provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder and is entitled to the benefits of this Agreement.

Section 1.26 Registration; Registration of Transfer and Exchange.

(1) The Trustee shall cause to be kept in the Corporate Trust Office a register for Certificates (the registers maintained in such office and in any other office or agency of the Trustee in New York, New York being herein sometimes collectively referred to as the "Certificate Register") in which a transfer agent and registrar (which may be the Trustee) (the "Certificate Registrar") shall provide for the registration of the Certificates and the registration of transfers and exchanges

of the Certificates. The Trustee is hereby initially appointed Certificate Registrar for the purpose of registering the Certificates and transfers and exchanges of Certificates as herein provided; provided, however, that the Trustee may appoint one or more co-Certificate Registrars. Upon any resignation of any Certificate Registrar, the Company shall promptly appoint a successor or, in the absence of such appointment, arrange for an Affiliate of the Company to assume the duties of Certificate Registrar.

(2) If a Person other than the Trustee is appointed by the Company as Certificate Registrar, the Company will give the Trustee prompt written notice of the appointment of such Certificate Registrar and of the location, and any change in the location, of the Certificate Register, and the Trustee shall have the right to rely upon a certificate executed on behalf of the Certificate Registrar by an Executive Officer thereof as to the names and addresses of the Holders of the Certificates and the principal amounts and numbers of such Certificates.

(3) Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Company, the Trustee or the Certificate Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee and the Certificate Registrar, duly executed, by the Holder thereof or his attorney duly authorized in writing, with such signature guaranteed by a brokerage firm or financial institution that is a member of a Securities Approved Medallion Programs, such as the Securities Transfer Agents Medallion Program (STAMP), the Stock Exchange Medallion Program (SEMP) or the New York Stock Exchange Inc. Medallion Signature Program (MSP).

(4) Upon surrender for registration of transfer of any Certificate at the office or agency of the Trustee and subject to Section 4.5 and Article V, if the requirements of Section 8-401(a) of the Uniform Commercial Code are met to the satisfaction of the Company, the Trustee shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of any authorized denominations, of a like aggregate Certificate Principal Balance.

(5) At the option of the Holder, Certificates (other than the Global Securities) may be exchanged for other Certificates of any authorized denomination or denominations of like tenor and aggregate Certificate Principal Balance and bearing the applicable legends set forth in Section 5.2(c) upon surrender

of the Certificates to be exchanged at the office or agency of the Trustee maintained for such purpose.

(6) Whenever any Certificates are so surrendered for exchange, the Trust shall execute, authenticate and deliver the Certificates that the Holder making the exchange is entitled to receive.

(7) If at any time the Depository for the Certificates notifies the Company that it is unwilling or unable to continue as Depository for the Certificates or if at any time the Depository for the Certificates shall no longer be eligible under Section 6.8(b), the Company shall appoint a successor Depository with respect to the Certificates. If a successor Depository for the Certificates is not appointed by the Company within 120 days after the Company receives such notice or becomes aware of such ineligibility, or if Certificateholders holding the Required Percentage so request, as set forth in Section 6.13, the Trustee will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of Definitive Certificates, will authenticate and deliver Definitive Certificates in an aggregate Certificate Principal Balance equal to the aggregate Certificate Principal Balance of the Global Security or Securities representing Certificates in exchange for such Global Security or Securities.

(8) Upon surrender to the Trustee of a Global Security by the Depository, accompanied by registration instructions, the Trustee shall execute and the Trustee shall authenticate the Definitive Certificates in accordance with the instructions of the Depository and the Company Order referred to in the preceding paragraph (g). None of the Company, the Certificate Registrar or the Trustee shall be liable for any delay in delivery of the Company Order and may conclusively rely on, and shall be protected in relying on, the Company Order. Upon the issuance of Definitive Certificates, the Trustee shall recognize the holders of the Definitive Certificates as Holders.

(9) Upon the exchange of a Global Security for Definitive Certificates, such Global Security shall be cancelled by the Trustee. Definitive Certificates issued in exchange for a Global Security pursuant to this Section 6.3 shall be registered in such names and in such authorized denominations as the Depository for such Global Security, pursuant to instructions from its Participants, any indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Certificates to the Persons in whose names such Certificates are so registered.

(10) All Certificates issued upon any registration of transfer or exchange of Certificates shall constitute complete and indefeasible evidence of ownership in the Trust related to such Certificates and be entitled to the same benefits under this Agreement as the Certificates surrendered upon such registration of transfer or exchange.

(11) No service charge shall be made to a Holder for any registration of transfer or exchange of Certificates, but the Company or the

Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates, other than exchanges pursuant to Section 6.3 not involving any transfer.

Section 1.27 Mutilated, Destroyed, Lost or Stolen Certificates.

(a If (i) any mutilated Certificate is presented to the Trustee or (ii) the Company and the Trustee receive (A) evidence to their satisfaction of the mutilation, destruction, loss or theft of any Certificate and (B) such security or indemnity as they may require to hold each of them and any Paying Agent harmless, and neither the Company nor the Trustee receives notice that such Certificate has been acquired by a bona fide purchaser, then the Trustee shall execute and the Trustee, upon receipt of a Company Order, shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate a new Certificate of like tenor, form, terms and principal amount, bearing a number not contemporaneously Outstanding.

(1) If after the delivery of a replacement Certificate in respect of a mutilated, destroyed, lost or stolen Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the Trustee shall be entitled to recover such replacement Certificate (or such distribution in respect of that Certificate) from the Person to whom it was delivered or any Person taking such replacement Certificate from such Person to whom such replacement Certificate was delivered or any assignee of such Person, except a bona fide purchaser, and shall be entitled to recover upon security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee in connection therewith.

(2) Upon the issuance of any new Certificate under this Section 6.4, the Company or the Trustee may require the payment of a sum sufficient to

cover any tax or other governmental charge that may be imposed in respect thereof and any other expenses (including the fees and expenses of the Trustee) connected therewith.

(3) Every new Certificate issued pursuant to this Section 6.4 shall constitute complete and indefeasible evidence of ownership in the Trust and its income and assets, whether or not the mutilated, destroyed, lost or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Certificates duly issued hereunder.

(4) 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 Certificates.

Section 1.28 Distribution of Available Funds; Computations.

(1) Available Funds to be distributed to the Holder of any Certificate that are payable and are punctually paid or duly provided for on any Distribution Date shall be distributed to the Person in whose name such Certificate (or one or more Predecessor Certificates) is registered at the close of business on the related Record Date notwithstanding the cancellation of such Certificate upon any transfer or exchange subsequent to such related Record Date. The distribution of Available Funds to Certificateholders shall be made at

the Corporate Trust Office or, at the option of the Trustee, by check mailed to the address of the Person entitled thereto as such address shall appear in the Certificate Register or by wire transfer to an account designated by the Holder.

(2) Subject to the foregoing provisions of this Section 6.5, each Certificate delivered under this Agreement upon transfer of or in exchange for or in lieu of any other Certificate shall carry the rights to receive distributions of Available Funds that were carried by such other Certificate.

(3) With respect to any computations or calculations to be made under this Agreement and the Certificates, except as otherwise provided, (i) all percentages resulting from any calculation of accrued interest will be rounded, if necessary, to the nearest 1/100,000 of 1% (.0000001), with five one-millionths of a percentage point rounded downward, and (ii) all currency amounts will be rounded to the nearest one-hundredth of a unit (with .005 of a unit being rounded downward).

Section 1.29 Persons Deemed Owners.

(1) The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions of Available Funds on such Certificate and for all other purposes whatsoever, whether or not such Certificate be overdue, and neither the Company or the Trustee, nor any agent of the Company or the Trustee, shall be affected by notice to the contrary. All distributions made to any Holder, or upon his order, shall be valid, and, to the extent of the sum or sums paid, effectual to satisfy and discharge the liability for moneys distributable upon such Certificate.

(2) Neither the Company, the Certificate Registrar or the Trustee nor any of their agents will have any responsibility or liability for any aspect of the records relating to or distributions made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 1.30 Cancellation. All Certificates surrendered for payment, redemption, transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. No Certificates shall be authenticated in lieu of or in exchange for any Certificates cancelled as provided in this Section 6.7, except as expressly permitted by this Agreement. All cancelled Certificates may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time, unless the Company shall direct by Company Order that they be returned to it; provided, however, that such Company Order is timely and the Certificates have not been previously disposed of by the Trustee. The Trustee shall certify to the Company that surrendered Certificates have been duly cancelled and retained or destroyed, as the case may be.

Section 1.31 Global Securities.

(1) The Certificates shall be registered Certificates and will be represented by one or more Global Securities issued in accordance with this Section 6.8 and Article V and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company. The Trustee shall execute and the Trustee shall authenticate and deliver one or more Global Securities that (i)

shall represent an

aggregate initial Certificate Principal Balance equal to the aggregate initial Certificate Principal Balance of the Certificates, (ii) shall be delivered by the Trustee to the Depository or pursuant to the Depository's instruction and (iii) shall bear a legend substantially to the following effect: "Unless and until it is exchanged in whole for the individual Certificates represented hereby, this Global Security may not be transferred except as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to a successor nominee or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository."

(2) No Holder of a Certificate will receive a Definitive Certificate representing such Holder's interest in such Certificate or Certificates, except as provided in Section 6.3 and Section 6.13. Unless and until definitive, fully registered Certificates (the "Definitive Certificates") have been issued to Holders pursuant to Section 6.3 or Section 6.13:

(1) the provisions of this Section 6.8 shall be in full force and effect;

(2) the Certificate Registrar and the Trustee shall be entitled to deal with the Depository for all purposes of this Agreement (including the distribution of Available Funds with respect to the Certificates and the giving of instructions or directions hereunder) as the sole Holder of the Certificates, and shall have no obligation to the Certificate Owners;

(3) to the extent that the provisions of this Section 6.8 conflict with any other provisions of this Agreement other than Section 3.6, the provisions of this Section 6.8 shall control;

(4) the rights of Certificate Owners shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Certificate Owners and the Depository or its Participants; and

(5) whenever this Agreement requires or permits actions to be taken based upon instructions or directions of Holders of Certificates evidencing a specified percentage of the aggregate Voting Rights, the Depository shall be deemed to represent such percentage only to the extent that it has received written instructions to such effect from Certificate Owners or Participants in the Depository's system owning or representing, respectively,

such required percentage of the beneficial interests in the Certificates and has delivered such instructions to the Trustee.

(3) The Depository must, at all times while it serves as Depository, be a clearing agency registered under the Exchange Act and any other applicable statute or regulation.

(4) If any Global Security is to be exchanged for other Certificates or cancelled in whole, it shall be surrendered by or on behalf of the Depository or its nominee to the Trustee, as Certificate Registrar, for exchange or cancellation as provided in this Article VI or, if the Trustee is acting as custodian for the Depository or its nominee (or is party to a similar arrangement) with respect to such Global Security, the principal amount thereof shall be reduced to reflect that either all or none of the Certificates will be held as a Global Security after giving effect to such exchange or transfer, as the case may be, in each case by means of an appropriate adjustment made on the records of the Trustee, whereupon the Trustee shall instruct the Depository or its authorized representative to make a corresponding adjustment to its records (including by crediting or debiting any Participant's account as necessary to reflect any transfer or exchange of a beneficial interest pursuant to Section 5.2(b)). Upon any such surrender or adjustment of a Global Security, the Trustee shall, subject to this Section 6.8 and as otherwise provided in this Article VI, authenticate and deliver any Certificates issuable in exchange for such Global Security to or upon the order of, and registered in such names as may be directed by, the Depository or its authorized representative in writing. Upon the request of the Trustee in connection with the occurrence of any of the events specified in Section 6.3 or 6.13, the Company shall promptly make available to the Trustee a reasonable supply of Certificates that are not in the form of Global Securities. The Trustee shall be entitled to rely upon any order, direction or request of the Depository or its authorized representative which is given or made pursuant to this Article VI.

(5) Every Certificate authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Certificate is registered in the name of a Person other than the Depository or a nominee thereof.

(6) Subject to the provisions in the applicable legends required by Section 5.2(c) above, the registered Holder may grant proxies and otherwise authorize any Person, including Participants and Persons who may hold interests in

Participants, to take any action that such Holder is entitled to take under this Agreement.

(7) Neither Participants nor any other Persons on whose behalf Participants may act shall have any rights under this Agreement with respect to any Global Security held on their behalf by the Depository or under the Global Security, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever.

Section 1.32 Notices to Depository. Whenever a notice or other communication to the Certificate Owners represented by one or more Global Securities is required under this Agreement, unless and until Definitive Certificates shall have been issued to such Certificate Owners pursuant to Section 6.3, the Trustee shall give all such notices and communications specified herein to be given to Certificate Owners to the Depository, and shall have no obligation to the Certificate Owners.

Section 1.33 Conditions of Authentication and Delivery. The Company shall deliver Certificates to the Trustee, and the Trustee shall execute on behalf of the Trust and authenticate and deliver such Certificates, shall purchase the Senior Notes and shall execute and deliver the Call Option, the Currency Swap and other closing documents in connection with the issue of the

Certificates, upon receipt of a Company Order.

Section 1.34 Appointment of Paying Agent. The Trustee may appoint one or more paying agents (each, a "Paying Agent") with respect to the Certificates. Any such Paying Agent shall be authorized to make distributions to Certificateholders from a Certificate Account and shall report the amounts of such distributions to the Trustee. Any Paying Agent shall have the revocable power to withdraw funds from a Certificate Account for the purpose of making the distributions referred to above. The Trustee may revoke such power and remove the Paying Agent if the Trustee determines in its sole discretion that the Paying Agent shall have failed to perform its obligations under this Agreement in any material respect. The Paying Agent shall initially be the Trustee and any co-paying agent chosen by the Company and acceptable to the Trustee. Any Paying Agent shall be permitted to resign as Paying Agent upon 30 days' written notice to the Trustee and the Company. In the event that the Trustee shall no longer be the Paying Agent, the Trustee shall appoint a successor or additional Paying Agent. Any such successor or additional

Paying Agent must be approved by the Company, whose approval shall not be unreasonably withheld. The Trustee shall cause each successor Paying Agent or additional Paying Agent to execute and deliver to the Trustee an instrument in which such successor or additional Paying Agent shall agree with the Trustee that it will hold all sums, if any, held by it for distribution to the Certificateholders in trust for the benefit of the Certificateholders entitled thereto until such sums shall be distributed to such Certificateholders. The Paying Agent shall return all unclaimed funds to the Trustee and upon removal shall also return all funds in its possession to the Trustee. The provisions of Sections 9.1, 9.2, 9.3 and 9.5 shall apply to the Trustee also in its role as Paying Agent, for so long as the Trustee shall act as Paying Agent and, to the extent applicable, to any other Paying Agent appointed hereunder. Any reference in this Agreement to the Paying Agent shall include any co-paying agent unless the context requires otherwise. Notwithstanding anything contained herein to the contrary, the appointment of a Paying Agent pursuant to this Section 6.11 shall not release the Trustee from the duties, obligations, responsibilities or liabilities arising under this Agreement other than with respect to funds paid to such Paying Agent.

Section 1.35 Authenticating Agent.

(1) The Trustee may appoint one or more Authenticating Agents (each, an "Authenticating Agent") with respect to the Certificates which shall be authorized to act on behalf of the Trustee in authenticating such Certificates in connection with the issuance, delivery and registration of transfer or exchange of such Certificates. Whenever reference is made in this Agreement to the authentication of Certificates by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent must be acceptable to the Company. Notwithstanding anything contained herein to the contrary, the appointment of an Authenticating Agent pursuant to this Section 6.12 shall not release the Trustee from the duties, obligations, responsibilities or liabilities arising under this Agreement.

(2) Any institution succeeding to the corporate agency business of any Authenticating Agent shall continue to be an Authenticating Agent without the execution or filing of any power or any further act on the part of the Trustee or such Authenticating Agent. An Authenticating Agent may at any time resign by giving notice of resignation to the Trustee and to the Company. The Trustee may at

any time terminate the agency of an Authenticating Agent by giving notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an Authenticating Agent shall cease to be acceptable to the Trustee or the Company, the Trustee promptly may appoint a successor Authenticating Agent. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless acceptable to the Company. The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section 6.12. The provisions of Section 9.1, 9.2 and 9.3 shall be applicable to any Authenticating Agent.

(3) Pursuant to an appointment made under this Section 6.12, the Certificates may have endorsed thereon, in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

This is one of the Certificates described in the Trust Agreement referred to herein.

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as Authenticating Agent
for the Trustee

by

Authorized Signatory

Section 1.36 Remedies. Following the occurrence of an Event of Default, or a payment default by the Swap Counterparty under the Currency Swap or upon a Swap Termination Event, the Trustee shall, within five Business Days of

obtaining knowledge of such Event of Default or default, mail a notice of such Event of Default or default to each Certificateholder of record as of the date the Trustee obtained such knowledge. The Trustee shall request instructions from Certificateholders as to what actions to take or cause to be taken or remedies to exercise or cause to be exercised under the Senior Notes or the Currency Swap, including with respect to, in the case of a payment default by the Swap Counterparty under the Currency Swap, any unpaid Dollar Swap Payment or other Dollar amount owing by the Swap Counterparty under the Currency Swap and, in the

case of a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase), any claim against the Swap Counterparty for any Swap Termination Payment and any Unpaid Amounts whether or not such Swap Termination Payment shall constitute Available Funds. The Trustee shall take or cause to be taken such actions, or shall exercise or cause to be exercised such remedies, as are permitted under the Senior Notes or the Currency Swap and as Certificateholders holding the Required Percentage shall direct in writing; provided, however, that Definitive Certificates representing 100% of the outstanding principal balance of the Certificates shall be issued, in accordance with the provisions of Section 6.3 hereof, if any Definitive Certificates are issued; and provided, further, that the Trustee may not sell, liquidate or otherwise dispose of the Senior Notes other than in connection with a Trust Termination Event; and provided, further, that the Trustee shall be under no obligation to take any action at the request, order or direction of Certificateholders unless such Certificateholders have offered the Trustee reasonable security or indemnity. The Trustee shall have no liability for any failure to act resulting from the Certificateholders' late return of, or failure to return, directions requested by the Trustee from the Certificateholders.

ARTICLE VII

The Company

Section 1.37 Liability of the Company. The Company shall be liable in accordance herewith only to the extent of the obligations specifically imposed by this Agreement.

Section 1.38 Limitation on Liability of the Company. Neither the Company nor any of the directors, officers, employees or agents of the Company shall be under any liability to the Trust or the Certificateholders for any action taken, or for refraining from the taking of any action, in good faith pursuant to this Agree-

ment, or for errors in judgment; provided, however, that this provision shall not protect the Company or any such person against any breach of warranties, representations or covenants made herein, or against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder.

The Company shall not be under any obligation to appear in, prosecute or defend any legal action unless such action is related to its respective duties under this Agreement and, in its opinion, does not involve it in any expense or liability; provided, however, that the Company may in its discretion undertake any such action which it may deem necessary or desirable with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Certificateholders hereunder.

Section VII.1 The Company May Purchase Certificates. The Company may at any time purchase Certificates in the open market or otherwise. Certificates so purchased by the Company may, at the discretion of the Company, be held or resold or presented to the Trustee for cancellation. Certificates beneficially owned by the Company will be disregarded for purposes of determining whether the required percentage of the aggregate Voting Rights has given any request, demand, authorization, direction, notice, consent or waiver hereunder, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent

or waiver, only Certificates with respect to which the Company has provided the Trustee an Officer's Certificate stating that such Certificates are so owned shall be so disregarded.

ARTICLE VIII

Concerning the Currency Swap, the Call Option and the Early Redemption Right

Section 1.39 Currency Swap and Call Option.

(1) Concurrently with the issue of the Certificates, the Trustee shall execute the Currency Swap and the Call Option. The Trustee shall perform the Trust's obligations under the Currency Swap and the Call Option in accordance with their respective terms.

(2) The Trustee shall be permitted, without the consent of Certificateholders, to enter into any amendment to the Currency Swap or the Call Option, in accordance with the terms thereof, to cure any ambiguity in, or to correct or supplement any provision of, the Currency Swap or the Call Option; provided that (a) the Trustee has received an Opinion of Counsel to the effect that such amendment (i) will not materially adversely affect the interests of the Certificateholders and (ii) will not alter the status of the Trust as a grantor trust for federal income tax purposes; provided, however, that counsel giving such opinion may conclusively rely upon an Officer's Certificate of the Company with respect to the absence of any materially adverse effects of a non-legal nature. In the event the Trustee receives any other request from the Swap Counterparty or the Callholder, as the case may be, for approval of any consent relating to, or waiver or other modification of, the Currency Swap or the Call Option, the Trustee shall promptly deliver notice of such proposed consent, waiver or modification to each Certificateholder and shall request from the Certificateholders instructions as to whether or not to give or execute such consent, waiver or modification. Upon the direction of Holders of Certificates evidencing not less than the Required Percentage--Direction of Trustee of the aggregate Voting Rights of the Certificates, the Trustee shall enter into such consent, waiver or other modification of the Currency Swap or the Call Option; provided that the Trustee shall have received an Opinion of Counsel to the effect that such consent, waiver or other modification will not alter the status of the Trust as a grantor trust for federal income tax purposes; and provided further that, except with the consent of 100% of the aggregate Voting Rights of the Certificates, that the Trustee shall not enter into any such consent, waiver or other modification if the Trustee determines (based upon advice of counsel, upon which advice the Trustee may conclusively rely) that such consent, waiver or other modification would, in the case of the Currency Swap, alter the date on which any Dollar Swap Payments or other Dollar payments are to be made thereunder or alter the amount thereof and, in the case of the Call Option, alter the date on which the Call Option is exercisable or the amount payable upon exercise of the Call Option.

(3) Notwithstanding Section 8.1(b), except with the consent of 100% of the aggregate Voting Rights of the Certificates, the Trustee shall not enter into any amendment to, or give or execute any consent relating to or waiver or other modification of, the Currency Swap or the Call Option unless the Rating Agency Condition is satisfied.

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Section 1.40 Obligations to the Callholder.

(1) Upon the exercise of the Call Option in accordance with its terms, the Trustee shall deliver or cause to be delivered the Senior Notes upon the written direction of the Callholder, by 10:00 a.m. (New York City time) on the Settlement Date, provided that the Trustee shall have received notice of the exercise thereof from the Callholder on or prior to the Call Exercise Date in accordance with the terms of the Call Option and shall have received from the Callholder an amount, in immediately available funds in a form acceptable to the Trustee, equal to the Call Price for the Senior Notes, by 2:00 p.m. (London time) on the Business Day prior to the Settlement Date.

(2) Upon receipt of the Call Price in accordance with Section 8.2(a), the Trustee shall include any such amount in Available Funds with respect to the Final Distribution (other than any interest received on the Call Price from the Business Day prior to the Settlement Date to the Settlement Date, which interest shall be payable to the Callholder).

Section 1.41 Early Redemption Right.

(1) If the Trustee fails to receive notice from the Callholder in accordance with the Call Option on or prior to 4:00 p.m. (New York City time) on the Call Exercise Date that it intends to exercise the Call Option, the Trustee, on behalf of the Certificateholders, shall, immediately thereafter, give irrevocable written notice to the Company (the "Early Redemption Notice") that it will exercise the Early Redemption Right on the Settlement Date in accordance with the terms of the Senior Notes and the Indenture.

(2) Subject to prior compliance with Section 8.3(a), the Early Redemption Right shall be exercised by the Trustee by delivery of the Senior Notes to the Company at the time and in the manner specified in the Senior Notes, together with such other documents as may be required by, and by satisfying such other applicable terms of, the Senior Notes.

(3) Notwithstanding any other term of this Agreement, if the Callholder exercises the Call Option in accordance with the terms thereof but fails to make payment in full thereon by 2:00 p.m. (London time) on the Business Day preceding the Settlement Date, the Trustee, on behalf of the Certificateholders, shall, immediately upon notice of or the occurrence of such default by the Callholder, give

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irrevocable written notice to the Company that it intends to exercise the Early Redemption Right on the Settlement Date in accordance with the terms of the Senior Notes. In such event, the Early Redemption Right shall then be exercised by Trustee by surrender of the Senior Notes to the Company at the time and in the manner specified in the Senior Notes, together with such other documents as may be required by, and by satisfying any other applicable terms of, the Senior Notes.

ARTICLE IX

Concerning the Trustee

Section 1.42 Duties of Trustee; Notice of Defaults.

(1) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all such Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Currency Swap and the Call Option. During the period an Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Any permissive right of the Trustee enumerated in this Agreement shall not be construed as a duty. In the event of any payment default by the Swap Counterparty under the Currency Swap, the Trustee shall provide a notice to the Swap Counterparty of such default in the form of Exhibit D, and the Currency Swap shall terminate on the third Business Day following such notice unless such default is remedied before such date. In the event of any payment default by the Callholder under the Call Option, the Trustee shall provide a notice to the Callholder and the Company of such default in the form of Exhibit E, and the Call Option shall immediately terminate.

(2) The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee which are specifically required to be furnished pursuant to any provision of this Agreement, shall examine them in good faith to determine whether they conform on their face to the requirements of this Agreement. If any such instrument is found not to conform to the requirements of this Agreement, the Trustee shall take action as it deems appropriate to have the instrument corrected, and if the instrument is not

corrected to the Trustee's satisfaction, the Trustee will provide notice thereof to the Company and Certificateholders.

(3) No provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own misconduct; provided, however, that:

(1) the Trustee shall not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of Holders of the Required Percentage relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement;

(2) except for actions expressly authorized by this Agreement, the Trustee shall take no actions reasonably likely to impair the interests of the Trust in any Trust Asset now existing or hereafter acquired or to impair the value of any Trust Asset now existing or hereafter acquired;

(3) except as expressly provided in this Agreement, the Trustee shall have no power to vary the corpus of the Trust, including by (A) accepting any substitute obligation or asset for a Trust Asset initially assigned to the Trustee under Section 2.1, (B) adding any other investment, obligation or security to the Trust or (C) withdrawing from the Trust any Trust Assets; and

(4) in the event that the Paying Agent or the Certificate Registrar shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Paying Agent

or Certificate Registrar, as the case may be, under this Agreement, the Trustee shall be obligated promptly upon its knowledge thereof to perform such obligation, duty or agreement in the manner so required.

Section 1.43 Certain Matters Affecting the Trustee.

(1) Except as otherwise provided in Section 9.1:

(1) the Trustee may request and rely upon, and shall be protected in acting or refraining from acting upon, any resolution, Officer's

Certificate, certificate of auditors or other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties;

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

(3) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Agreement or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Certificateholders, pursuant to the provisions of this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby; provided, however, that nothing contained herein shall relieve the Trustee of the obligations, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Agreement, and to use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs;

(4) the Trustee shall not be personally liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement;

(5) 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, consent, order, appraisal, approval, bond or other paper or document believed by it to be genuine, unless requested in writing to do so by Holders of the Required Percentage; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Agreement, the

Trustee may require reasonable indemnity against such expense or liability as a condition to taking any such action; and

(6) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys or a custodian.

(2) All rights of action under this Agreement or under any of the Certificates, enforceable by the Trustee, may be enforced by it without the possession of any of the Certificates, or the production thereof at the trial or other Proceeding relating thereto, and any such Proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Certificates, subject to the provisions of this Agreement.

Section 1.44 Trustee Not Liable for Recitals in Certificates or Trust Assets. The Trustee assumes no responsibility for the correctness of the recitals contained herein and in the Certificates or in any document issued in connection with the sale of the Certificates (other than the Trustee's signature and authentication on the Certificates). Except as set forth in Section 9.11, the Trustee makes no representations or warranties as to the validity or sufficiency of this Agreement or of the Certificates (other than the Trustee's signature and authentication on the Certificates) or of any Trust Asset or related document.

Section 1.45 Trustee May Own Certificates. The Trustee in its individual capacity or any other capacity may become the owner or pledgee of Certificates and may transact business with the other parties hereto with the same rights it would have if it were not Trustee.

Section 1.46 Trustee's Fees and Expenses; Indemnification.

(1) The Trustee shall be paid by the Company as compensation for its services hereunder such fees as have been separately agreed upon from time to time by the Company and the Trustee, and the Trustee shall be entitled to be reimbursed by the Company for its reasonable expenses hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may reasonably employ in connection with the exercise and performance of its rights and its duties hereunder and any investigation in connection therewith.

(2) The Company shall indemnify and hold harmless the Trustee against any loss, liability or expense incurred in connection with any action relating to or arising out of this Agreement, the Certificates, the offer and sale of the Certificates, the Call Option, the Currency Swap, the Early Redemption Right, the Purchase Agreement or the acceptance of the trust created hereby or the performance of the Trustee's duties hereunder, except to the extent that such loss, liability or expense (i) is due to willful misfeasance, bad faith or negligence of the Trustee or (ii) relates to the payment obligations under the Certificates, the Currency Swap or the Call Option.

(3) The provisions of this Section 9.5 shall survive the resignation or removal of the Trustee, and the termination of this Agreement and the Trust.

Section 1.47 Eligibility Requirements for Trustee. The Trustee hereunder shall at all times be a corporation or an association which is not an Affiliate of the Company (but may have normal banking relationships with the Company and its Affiliates) organized and doing business under the laws of any

State or the United States, 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. If such corporation or association publishes reports of conditions at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 9.6 the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published. Such corporation or association must be rated in one of the four highest rating categories by the Rating Agencies.

Section 1.48 Resignation or Removal of the Trustee.

(1) The Trustee may at any time resign and be discharged from any trust hereby created by giving written notice thereof to the Company, the Rating Agencies and all Certificateholders. Upon receiving notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, which instrument shall be delivered to the resigning Trustee and to the successor trustee. A copy of such instrument shall be delivered to such Certificateholders by the Company. If no such successor trustee shall have been so appointed and have accepted appointment 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. (1)

(2) If at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 9.6 and shall fail to resign after written request therefor by the Company, or if at any time the Trustee shall become incapable of acting, or shall be adjudged 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 the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, which instrument shall be delivered to the Trustee so removed and to the successor trustee. A copy of such instrument shall be delivered to the Certificateholders, if any, by the Company.

(3) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 9.7 shall not become effective until acceptance of appointment by the successor trustee as provided in Section 9.8.

Section 1.49 Successor Trustee.

(1) Any successor trustee appointed as provided in Section 9.7 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with the like effect as if originally named as trustee herein. The predecessor trustee shall deliver to the successor trustee all Trust Assets documents and statements held by it hereunder, and the Company and the predecessor trustee shall execute and deliver such instruments and do such other things as may reasonably be required for more fully and certainly vesting and confirming in the successor trustee all such rights, powers, duties and obligations. No successor trustee shall accept appointment as provided in this Section 9.8 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 9.6.

(2) Upon acceptance of appointment by a successor trustee as provided in this Section 9.8, the Company shall transmit notice of the succession of such trustee hereunder to all Holders of Certificates and to the Rating Agencies in the manner provided in Section 11.6.

Section 1.50 Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the business of the Trustee, or any corporation or association purchasing all, or substantially all, of the corporate trust business of the Trustee shall be the successor of the Trustee hereunder, provided such corporation or association shall be eligible under the provisions of Section 9.6, without the execution or filing of any instrument or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1.51 Appointment of Office or Agency. The Trustee shall appoint an office or agency in The City of New York where the Certificates may be surrendered for registration of transfer or exchange, and presented for the Final Distribution with respect thereto, and where notices and demands to or upon the Trustee in respect of the Certificates and this Agreement may be served. The Trustee initially appoints its Corporate Trust Office for such purpose.

Section 1.52 Representations and Warranties of Trustee. The Trustee represents and warrants that:

(1) the Trustee is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or association;

(2) neither the execution, the delivery or performance by the Trustee of this Agreement, nor the consummation by it of the transactions contemplated hereby nor compliance by it with any of the terms or provisions hereof will violate its charter documents or by-laws;

(3) the Trustee has full power, authority and right to execute, deliver and perform its duties and obligations as set forth herein, has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and has satisfied all of the eligibility requirements set forth in Section 9.6;

(4) this Agreement has been duly executed and delivered by the Trustee and constitutes the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement may

be limited by applicable bankruptcy, insolvency, reorganization,

moratorium or similar laws affecting the rights of creditors generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(5) the execution, delivery and performance by the Trustee of this Agreement shall not require the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency regulating the banking and corporate trust activities of the Trustee.

Section 1.53 Limitation of Powers and Duties.

(1) The Trustee shall administer the Trust and the Trust Assets solely as specified herein.

(2) The Trust is constituted solely for the purpose of acquiring and holding the Trust Assets. The Trustee is not authorized to acquire any other investments or engage in any activities not authorized herein and, in particular, the Trustee is not authorized (i) to sell, assign, transfer, exchange, pledge, set-off or otherwise dispose of any of the Senior Notes, once acquired, or interests therein, including to Certificateholders (except pursuant to the Call Option, the Early Redemption Right and Section 4.2) or (ii) to do anything that would alter the status of the Trust as a grantor trust for federal income tax purposes.

(3) The Trustee, as a holder of the Senior Notes, has the right to vote and give consents and waivers in respect of the Senior Notes and enforce such other rights of a holder of the Senior Notes, except as otherwise limited by this Agreement. In the event that the Trustee receives a request from the Company with respect to the Senior Notes, for the Trustee's consent to any amendment, modification or waiver of the Senior Notes, or any document thereunder, or relating thereto, or receives any other solicitation for any action with respect to the Senior Notes, the Trustee shall within five Business Days mail a notice of such proposed amendment, modification, waiver or solicitation to each Certificateholder as of the date of such request. The Trustee shall request instructions from the Certificateholders as to what action to take in response to such request. Except as otherwise provided herein, the Trustee shall consent or vote, or refrain from consenting or voting, in the same proportion (based on the Certificate Principal Balances) as the Certificates of the Trust were actually voted or not voted by the Holders thereof as of the date deter-

mined by the Trustee prior to the date such vote or consent is required; provided, however, that, notwithstanding anything to the contrary in this Agreement, the Trustee shall at no time vote in favor of or consent to any matter (i) unless such vote or consent would not, based on an Opinion of Counsel, alter the status of the Trust as a grantor trust for federal income tax purposes, (ii) which would alter the amount of any payment on the Senior Notes, other than in connection with a Trust Termination Event, or (iii) which would result in the exchange or substitution of any Senior Notes pursuant to a plan for the refunding or refinancing of such Senior Notes, except during the continuation of an Event of Default, or which would otherwise result in a sale or exchange of Certificates for federal income tax purposes and, in each case, other than in connection with a Trust Termination Event. The Trustee shall have no liability for any failure to act resulting from the Certificateholders' late return of, or failure to return, directions requested by the Trustee from the Certificateholders.

(4) Notwithstanding any provision of this Agreement to the

contrary, for purposes of any security or indemnity against the costs, expenses and liabilities the Trustee may incur by reason of any action undertaken at the direction of the Certificateholders, which the Trustee may require from the Certificateholders prior to taking any such action, an unsecured indemnity agreement of a Certificateholder or any of its Affiliates, if acceptable to the Trustee, shall be deemed sufficient to satisfy such security or indemnity requirement.

ARTICLE X

Termination

Section 1.54 Termination.

(1) Upon presentation and surrender of the Certificates by the Certificateholders on the Final Distribution Date, the Trustee shall distribute to each Holder presenting and surrendering its Certificates the amounts distributable to such Holder in accordance with Sections 4.1 and 4.2 in respect of the Certificates so presented and surrendered. Any funds not distributed on the Final Distribution Date shall be set aside and held in trust for the benefit of Certificateholders not presenting and surrendering their Certificates in the aforesaid manner, and shall be disposed of in accordance with Section 4.2(d).

(2) The Trust and the respective obligations and responsibilities under this Agreement of the Trustee and the Company and, except as otherwise provided herein, the Trust shall terminate upon the completion of the Final Distribution; provided, however, that in no event shall the trust created hereby continue beyond the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late ambassador of the United States to the Court of St. James, living on the date hereof.

ARTICLE XI

Miscellaneous Provisions

Section 1.55 Amendment.

(1) This Agreement may be amended or modified from time to time by the Company and the Trustee without notice to or the consent of any of the Certificateholders for any of the following purposes: (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein or in the Currency Swap or in the Call Option; (ii) to add any security interest for the benefit of any Certificateholders; (iii) to add to the covenants, restrictions or obligations of the Company or the Trustee for the benefit of the Certificateholders; (iv) to add, change or eliminate any other provisions with respect to matters or questions arising under this Agreement, so long as (x) any such amendment described in clauses (i) through (iv) above will not, as evidenced by an Opinion of Counsel, affect the status of the Trust as a "grantor trust" or result in a sale or exchange of any Certificate for federal income tax purposes and (y) the Rating Agency Condition has been satisfied; (v) to comply with any requirements imposed by the Code; or (vi) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Certificates or to add or change any of the provisions of this Agreement as shall be necessary to provide for or facilitate the administration of the trust hereunder.

(2) Without limiting the generality of the foregoing, this Agreement may also be modified or amended from time to time by the Company and

the Trustee with the consent of the Holders of Certificates representing the Required Percentage--Amendment for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement or of modifying in any manner the rights of the Holders of Certificates; provided, however, that no

such modification or amendment shall, without the consent of each affected Certificateholder, (i) reduce in any manner the amount of payments received on the Trust Assets or otherwise adversely affect in any material respect the interests of the Certificateholder or (ii) reduce the percentage of aggregate Voting Rights required to modify or amend this Agreement; and provided, further, that the Company shall furnish to the Trustee an Opinion of Counsel stating that, in the opinion of such counsel, any such modification or amendment would not alter the status of the Trust as a "grantor trust" or result in a sale or exchange of any Certificates for federal income tax purposes.

(3) In addition to and notwithstanding anything to the contrary in this Agreement, the Trustee shall not enter into any modification or amendment of this Agreement that would (i) adversely affect in any material respect the interests of the Callholder in the Senior Notes without the consent of the Callholder or (ii) alter the date on which the Call Option is exercisable or the amount payable as a result of the exercise of the Call Option without the consent of the Callholder; provided, however, that the Trustee shall not enter into any modification or amendment of this Agreement unless such modification or amendment would not, based on an Opinion of Counsel, alter the status of the Trust as a "grantor trust" or result in a sale or exchange of any Certificates for federal income tax purposes.

(4) Promptly after the execution of any such amendment or modification, the Trustee shall furnish a copy of such amendment or modification without charge to each Certificateholder, and the Company shall furnish a copy of such amendment or modification to the Rating Agencies. It shall not be necessary to obtain the consent of Certificateholders under this Section 11.1 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe.

Section 1.56 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

Section 1.57 Limitation on Rights of Certificateholders.

(1) The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of the Trust, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

(2) No Certificateholder shall have any right to vote (except as expressly provided for herein) or in any manner otherwise control the operation and management of the Trust, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Certificates, be construed so as to constitute the Certificateholders from time to time as partners or members of an association; nor shall any Certificateholder be under any liability to any third person by reason of any action taken by the parties to this Agreement pursuant to any provision hereof.

(3) No Certificateholder shall have any right by virtue of any provision of this Agreement to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Agreement or any Certificate, unless such Holder previously shall have given to the Trustee a written notice of breach and of the continuance thereof and unless also the Holders of Certificates evidencing not less than the Required Percentage--Remedies shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee, for 15 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding. It is understood and agreed that the Trustee shall not be obligated to make any investigation of matters arising under this Agreement, the Call Option or the Currency Swap or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any Certificateholders unless such Certificateholders have offered to the Trustee the reasonable indemnity referred to above. It is further understood and agreed, and expressly covenanted by each Certificateholder with every other Certificateholder and the Trustee, that no one or more Holders of Certificates shall have any right in any manner whatever by virtue of any provision of this Agreement to affect, disturb or prejudice the rights of the Holders of any other of the Certificates, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Agreement,

except in the manner herein provided and for the equal, ratable and common benefit of all Certificateholders. For the protection and enforcement of the provisions of this Section 11.3, each and every Certificateholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 1.58 Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York applicable to agreements made and to be performed entirely therein without reference to such State's principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby, and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 1.59 Notices.

(1) All directions, demands and notices hereunder and under the Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered or mailed by first class mail, postage prepaid, or by express delivery service or by certified mail, return receipt requested, or delivered by facsimile followed by delivery by mail, or delivered in any other manner specified herein, (i) in the case of the Company, to 1221 Nicollet Mall, Minneapolis, Minnesota 55403; Attention: General Counsel; and (ii) in the case of the Trustee, to 101 Barclay Street, New York, New York, 10286, Attention: Ming J. Shiang, facsimile number: 212-815-5595, or such other address

as may hereafter be furnished to the Company in writing by the Trustee.

(2) For purposes of delivering notices to the Rating Agencies under Section 11.7 or otherwise, such notices shall be mailed or delivered as provided in Section 11.7 to: Standard & Poor's, 26 Broadway (15th Floor), New York, New York 10004; and Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; or such other address as the Rating Agencies may designate in writing to the parties hereto.

(3) Notwithstanding any provision of this Agreement to the contrary, the Trustee shall deliver all notices or reports required to be delivered to or by the Trustee or the Company to the Certificateholders without charge to such Certificateholders.

(4) Any notice required to be provided to a Holder shall be given by first class mail, postage prepaid, at the last address of such Holder as shown

in the Certificate Register. Any notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given when mailed, whether or not the Certificateholder receives such notice.

Section 1.60 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed enforceable to the extent permitted, and if not so permitted, shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of the Certificates or the rights of the Holders thereof.

Section 1.61 Notice to Rating Agencies. The Trustee shall use its best efforts promptly to provide notice to the Rating Agencies with respect to each of the following of which it has actual knowledge:

(1) any modification or amendment to this Agreement;

(2) the resignation or termination of the Trustee;

(3) the final payment to Holders of the Certificates; and

(4) any change in the location of a Certificate Account.

In addition, the Trustee shall promptly furnish to each of the Rating Agencies copies of each report to Certificateholders described in Section 4.3 or otherwise. Any such notice pursuant to this Section 11.7 shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by first class mail, postage prepaid, or by express delivery service to each of the Rating Agencies at the address specified in Section 11.5.

Section 1.62 Non-petition Covenant. Notwithstanding any prior termination of this Agreement, each of the Trustee, any Authenticating Agent, any Paying Agent and the Company agrees that it shall not, until the date which is one year and one day after the Final Distribution Date, acquiesce, petition or otherwise invoke or cause the Trust to invoke the process of the United States of America, any State or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to

government for the purpose of commencing or sustaining a case by or against the Trust under a federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Trust or all or any part of the property or assets of the Trust or ordering the winding up or liquidation of the affairs of the Trust.

Section 1.63 Article and Section References. All article and section references used in this Agreement, unless otherwise provided, are to articles and sections in this Agreement.

Section 1.64 Compliance Certificates and Opinions, etc.

(1) Upon any application or request by the Company to the Trustee to take any action under any provision of this Agreement, the Company shall furnish to the Trustee: (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, and (ii) 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 Agreement, 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 Agreement shall include:

(1) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(2) 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;

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

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

IN WITNESS WHEREOF, the Company and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized, in each case as of the day and year first above written.

NRG ENERGY, INC.

By:/s/ Brian B. Bird

Name: Brian B. Bird
Title: Vice President and Treasurer

THE BANK OF NEW YORK,
not in its individual capacity
but solely as Trustee

By:/s/ Ming J. Shiang

Name: Ming J. Shiang
Title: Vice President

EXHIBIT A

NUMBER $_____
R-_____ CUSIP NO._____

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER THIS CERTIFICATE, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH NRG ENERGY PASS-THROUGH TRUST 2000-1 (THE "TRUST") OR ANY AFFILIATE OF THE TRUST WAS THE OWNER OF THIS CERTIFICATE (OR ANY PREDECESSOR OF THE CERTIFICATE) OR THE EXPIRATION OF SUCH SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(k), OR ANY SUCCESSOR PROVISION THEREOF, UNDER THE SECURITIES ACT (THE "RESALE RESTRICTION TERMINATION DATE") ONLY (A) TO THE TRUST, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE CERTIFICATES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION

S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, SUBJECT TO THE RIGHT OF THE TRUST, THE COMPANY AND THE TRUSTEE PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (i) PURSUANT TO CLAUSE (D) OR (E) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (ii) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE AS TO COMPLIANCE WITH CERTAIN CONDITIONS TO TRANSFER IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE OR SUCH EARLIER TIME AS DETERMINED BY THE TRUST IN ACCORDANCE WITH APPLICABLE LAW.

THIS CERTIFICATE REPRESENTS A FRACTIONAL UNDIVIDED INTEREST IN THE TRUST, ITS INCOME AND ITS ASSETS AND DOES NOT EVIDENCE AN OBLIGATION OF, OR AN INTEREST IN, AND IS NOT GUARANTEED BY THE COMPANY OR THE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES. NEITHER THIS CERTIFICATE NOR THE TRUST ASSETS ARE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR ANY PERSON.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NRG ENERGY PASS-THROUGH TRUST 2000-1

REMARKETABLE OR REDEEMABLE SECURITIES ("ROARS")
DUE MARCH 15, 2005

evidencing a fractional undivided beneficial ownership interest in the Trust, as defined below, the property of which consists principally of pound sterling 160,000,000 principal amount of Reset Senior Notes Due March 15, 2020 (the "Senior Notes") of NRG Energy, Inc, a company incorporated under the laws of the State of Delaware (the "Company"). The Senior Notes have been purchased by the Trust with the proceeds of the sale of the Certificates and the Call Option (each as defined herein).

THIS CERTIFIES THAT is the registered owner of a nonassessable, fully-paid, fractional undivided interest in NRG Energy Pass-Through Trust 2000-1 (including its income and assets) formed by the Company, which Trust has issued Certificates having a Certificate Principal Balance of $250,000,000, as such amount may be adjusted on the records of the Holder and the Trustee. Under the Trust Agreement, there will be distributed on the 15th day of each March and September, or if such day is not a Business Day, the next succeeding Business Day, commencing September 15, 2000 through and including the Settlement Date (each a "Distribution Date"), to the extent of Available Funds (as defined herein), an amount equal to the Dollar Distribution which will be equal to the amount then payable by Bank of America, N.A. (the "Swap Counterparty") to the Trustee under the Currency Swap Agreement, dated March 15, 2000, between the Trustee and the Swap Counterparty (the "Currency

Swap"), and any other amounts remaining in the Certificate Account on such Distribution Date; provided, however, that, on each Distribution Date occurring on or after a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase), the Trustee shall distribute to Holders, to the extent of Available Funds, if any, a semi-annual Pounds Sterling payment calculated at an annual interest rate as described in the Indenture on the basis of a 365 or 366-day, as applicable, year and the actual number of days elapsed due on the principal amount of the Senior Notes. On the Final Distribution Date, there will be distributed, to the extent of Available Funds, all distributions received from or in respect of the Trust Assets.

The Trust was created pursuant to a Trust Agreement dated as of March 20, 2000 (the "Trust Agreement"), between the Company and The Bank of

New York, a New York banking corporation, not in its individual capacity but solely as trustee (the "Trustee"). This Certificate does not purport to summarize the Trust Agreement, and reference is hereby made to the Trust Agreement for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby and the rights, duties and obligations of the Trustee with respect hereto. This Certificate is issued under and is subject to the terms, provisions and conditions of the Trust Agreement, to which Trust Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound. A copy of the Trust Agreement may be obtained from the Trustee by written request sent to the Corporate Trust Office or from the Company by written request sent to the Company. Capitalized terms used but not defined herein have the meanings assigned to them in the Trust Agreement.

This Certificate is one of the duly authorized Certificates designated as "8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005" (herein called the "Certificates"). Concurrently with the issuance of the Certificates, the Trustee will issue an option (the "Call Option") that represents the right to purchase the Senior Notes in whole but not in part on March 15, 2005 at the call price specified in the Call Option. If the holder of the Call Option does not give irrevocable prior written notice of its intent to exercise the Call Option or fails to fulfill its payment obligations thereunder in accordance with the terms of the Call Option, the Trustee shall exercise the Early Redemption Right (as defined in the Trust Agreement), and the Company shall be obligated to redeem the Senior Notes at a price equal to the unpaid principal amount thereof on March 15, 2005. The property of the Trust consists of the Senior Notes, the aggregate amount deposited in the Certificate Accounts since the last Distribution Date or, in the case of the first Distribution Date, since the date of the initial issuance of the Certificates, and (a) for so long as the Senior Notes are denominated in Pounds Sterling and no Swap Termination Event has occurred, any Dollar Swap Payment or other Dollar amount paid by the Swap Counterparty to the Trustee under the Currency Swap, (b) if a Swap Termination Event (other than as a result of a Conversion Event, an Optional Tax Redemption or a Change of Control Repurchase) has occurred, the semi-annual interest payments on the Senior Notes and Pounds Sterling payments on or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee in respect of the Senior Notes or, if applicable, any Swap Termination Payment (subject to Section 6.13 of the Trust Agreement) or Unpaid Amounts, (c) if a Conversion Event has occurred, the semi-annual Dollar interest payments on the Senior Notes and Dollar payments on or in respect of the principal of the Senior Notes made by the Company thereunder and received by the Trustee in respect of the

Senior Notes or, if applicable, any Unpaid Amounts, (d) all Option Proceeds and (e) all Liquidation Proceeds (the "Available Funds").

Subject to the terms and conditions of the Trust Agreement and the Call Option (including the availability of funds for distributions) and until the obligations created by the Trust Agreement shall have terminated in accordance therewith, distributions will be made on each Distribution Date to the Person in whose name this Certificate is registered on the applicable Record Date, in an amount equal to such Certificateholder's fractional undivided interest in the amount required to be distributed to the Holders of the Certificates on such Distribution Date. If any payment by the Swap Counterparty with respect to the Currency Swap or a payment due on any March 15 or September 15 with respect to the Senior Notes is not made to the Trustee by the designated times specified in the Trust Agreement on the date such payment is due, or if such payment is not made on the due date, the Trustee will upon receipt of such funds make such distribution on the next Business Day (and no additional amounts of interest shall accrue on the Certificates or be owed to Certificateholders as a result of any such delay).

Distributions made on this Certificate will be made as provided in the Trust Agreement by the Trustee by wire transfer in immediately available funds, without the presentation or surrender of this Certificate or the making of any notation hereon. Except as otherwise provided in the Trust Agreement and notwithstanding the above, the Final Distribution on this Certificate will be made after due notice by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency maintained for that purpose by the Trustee in the Borough of Manhattan, The City of New York.

Reference is hereby made to the further provisions of this Certificate 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 or on behalf of the Trustee, by manual signature, this Certificate shall not entitle the holder hereof to any benefit under the Trust Agreement or be valid for any purpose.

THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE HOLDER HEREOF SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAW.

IN WITNESS WHEREOF, the Trust has caused this Certificate to be duly executed as of the date set forth below.

NRG ENERGY PASS-THROUGH TRUST
2000-1, by The Bank of New York, not
in its individual capacity but
solely as Trustee

Authorized Officer

Dated: March 20, 2000

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates described in the Trust Agreement referred to herein.

THE BANK OF NEW YORK,
not in its individual capacity
but solely as Trustee

By:

Authorized Signatory

or

as Authenticating Agent for the Trustee

By:

Authorized Signatory

(REVERSE OF TRUST CERTIFICATE)

The Certificates are limited in right of distribution to certain payments and collections as provided in the Trust Agreement, all as more specifically set forth herein and in the Trust Agreement. The registered Holder hereof, by its acceptance hereof, agrees that it will look solely to payments under the Senior Notes, the Call Option and the Currency Swap for distributions hereunder.

Subject to the next paragraph and to certain exceptions provided in the Trust Agreement, the Trust Agreement permits the amendment thereof and the modification of the rights and obligations of the Company and the Trustee and the rights of the Certificateholders under the Trust Agreement at any time by the Company and the Trustee with the consent of the Holders of Certificates evidencing not less than 66 _% of the aggregate Voting Rights of Outstanding Certificates, subject to certain provisions set forth in the Trust Agreement. Any such consent by the Holder of this Certificate (or any predecessor Certificate) shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in an exchange hereof or in lieu hereof, whether or not notation of such consent is made upon this Certificate. The Trust Agreement also permits the modification or amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

The Certificates are issuable in fully registered form only in minimum original principal amounts of $100,000 and integral multiples of $1,000 in excess thereof. As provided in the Trust Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of the same principal amount, class, original issue date and

maturity, in authorized denominations as requested by the Holder surrendering the same.

As provided in the Trust Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registerable in the Certificate Register upon surrender of this Certificate for registration of transfer at the offices or agencies of the Certificate Registrar maintained by the Trustee in the Borough of Manhattan, The City of New York, duly endorsed or accompanied by an assignment in the form below and by such other documents as required by the Trust Agreement, and thereupon one or more new Certificates of the same class in authorized denominations evidencing the same principal amount will be issued to the designated transferee or transferees. The Certificate Registrar appointed under the Trust Agreement is The Bank of New York.

No service charge will be made for any registration of transfer or exchange, but the Company or the Trustee 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 Certificates.

The Company and the Trustee and any agent thereof may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Company, the Trustee, nor any such agent shall be affected by any notice to the contrary.

The Trust and the obligations of the Company and the Trustee created by the Trust Agreement with respect to the Certificates shall terminate upon the distribution by the Trustee on the Final Distribution Date (i) of all Option Proceeds following an exercise of the Call Option by the Callholder or an exercise of the Early Redemption Right (and upon receipt by the Trust from the Swap Counterparty of Dollars in an amount equal to the Certificate Principal Amount in exchange for the proceeds of such exercise), as the case may be, or (ii) of all Liquidation Proceeds received by the Trustee following a Trust Termination Event, as the case may be, or (iii) of all Dollar Distributions or Pounds Sterling distributions, as the case may be, received by the Trustee, not previously distributed pursuant to Section 4.1 of the Trust Agreement, or (iv) the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, the late Ambassador of the United States to the Court of St. James, living on the date hereof, whichever of clauses (i), (ii), (iii) or (iv) above shall be the first to occur.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
TAXPAYER IDENTIFICATION OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(Please print or type name and address, including postal zip code, of assignee)

the within Certificate, and all rights thereunder, hereby irrevocably constituting and appointing

Attorney to transfer said Certificate on the books of the Certificate Registrar, with full power of substitution in the premises.

Dated:

*

Signature Guaranteed;

* NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Certificate in every particular, without alteration, enlargement or any change whatever. Such signature must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Certificate Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Certificate Registrar in addition to, or in substitution for, STAMP, all in accordance with the Trust Agreement and the Securities Exchange Act of 1934, as amended.

FORM OF OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have this Certificate purchased by the Company pursuant to Section 3.4 of the Trust Agreement, check the Box: [insert box].

If you wish to have a portion of this Certificate purchased by the Company pursuant to Section 3.4 of the Trust Agreement, state the amount (in original principal amount):

$

Date: Your Signature:

(Sign exactly as your name appears on the other side of this Certificate)

Signature Guarantee:

EXHIBIT B

[Form of Confirmation for Call Option]

EXHIBIT C

[Form of Confirmation for Currency Swap]

EXHIBIT D

Notice of Payment Default by the Swap Counterparty under the Currency Swap

[Date]

To: Bank of America, N.A.
[address]

Pursuant to Section 9.1(a) of the Trust Agreement dated as of March 20, 2000 (the "Trust Agreement") among NRG Energy, Inc. and The Bank of New York, as trustee (the "Trustee"), with respect to the 8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005, the Trustee hereby gives notice of a payment default on the date hereof by you, as Swap Counterparty under the Currency Swap (as defined in the Trust Agreement).

The Currency Swap shall terminate on the third Business Day following such default, unless remedied prior thereto.

THE BANK OF NEW YORK,
as Trustee under the Trust
Agreement

By:

Title:

cc: NRG Energy, Inc.

EXHIBIT E

Notice of Payment Default by the Callholder Under the Call Option

[Date]

To: Bank of America, N.A.
[address]

Pursuant to Section 9.1(a) of the Trust Agreement dated as of March 20, 2000 (the "Trust Agreement") between NRG Energy, Inc. and The Bank of New York, as trustee (the "Trustee"), with respect to the 8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005, the Trustee hereby gives notice of a payment default on the date hereof by you as callholder under the Call Option (as defined in the Trust Agreement).

The Call Option terminated on the date of such default.

THE BANK OF NEW YORK,
as Trustee under the Trust
Agreeement

By: _____

Title:

cc: NRG Energy, Inc.

1

EXHIBIT 4.8

NRG ENERGY, INC.

and

THE BANK OF NEW YORK,

as Trustee

INDENTURE

Dated as of March 20, 2000

pound sterling 160,000,000

Reset Senior Notes Due March 15, 2020

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Exhibit A....A-1

INDENTURE, dated as of March 20, 2000, between NRG ENERGY, INC., a Delaware corporation (herein called the "Issuer"), and THE BANK OF NEW YORK, a New York banking corporation, as trustee (herein called the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer has duly authorized the issuance of pound sterling 160,000,000 aggregate principal amount of its Reset Senior Notes Due March 15, 2020 (the "Securities") and, to provide, among other things, for the authentication, delivery and administration thereof, the Issuer has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make the Securities, when executed by the Issuer and authenticated and delivered by the Trustee as in this Indenture provided, the valid, binding and legal obligations of the Issuer, and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the acceptance and purchase of the Securities by the Holders (as defined herein) thereof, the Issuer and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective Holders from time to time of the Securities as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Certain Terms Defined.

The following terms (except as otherwise expressly provided) for all purposes of this Indenture shall have the respective meanings specified in this Section 1.1. All accounting terms used herein and not expressly defined shall have the meanings given to them in accordance with GAAP (as defined

herein). 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. The terms defined in this Article include the plural as well as the singular.

"Additional Amounts" has the meaning specified in Section 4.9.

"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 authorized to authenticate and deliver Securities on behalf of the Trustee pursuant to Section 2.1.

"Bearer Security" means any Security that is payable to bearer.

"Board of Directors" means the Board of Directors of the Issuer.

"Board Resolution" means a copy of a resolution certified by a Director of the Issuer to have been duly adopted by the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, and to be in full force and effect on the date of such certification.

"Business Day" means each day that is not a Saturday, Sunday or a day on which banking institutions and foreign exchange markets in New York City or London, or in any place of payment of the Securities, are authorized or obligated by law to remain closed.

"Callholder" means Bank of America, N.A., as holder of the call option under the Call Option Agreement.

"Call Option Agreement" means the confirmation, dated March 20, 2000, between the Pass-Through Trustee and the Callholder, pursuant to the ISDA Master Agreement, providing a call option to the Callholder.

"Certificate Change of Control Offer" means a "Change of Control Offer" as defined in Section 3.4 of the Trust Agreement.

"Certificates" means the 8.70% Remarketable or Redeemable Securities ("ROARS") Due March 15, 2005 issued by the NRG Energy Pass-Through Trust 2000-1 and authorized by, and authenticated and delivered under, the Trust Agreement.

"Certificate Repurchase Date" shall be the repurchase date of the Certificates pursuant to a Change of Control Offer, as set forth in the Trust Agreement.

"Change of Control" means the occurrence of one or more of the following events: (i) NSP (or its successors) shall cease to own a majority of the outstanding Voting Stock of the Issuer, (ii) at any time following the occurrence of the event described in clause (i), a Person or group (as that term is used in Section 13(d)(3) of the Exchange Act) of Persons (other than NSP) shall have become the beneficial owner directly or indirectly, or shall have

acquired the absolute power to direct the vote, of more than 35% of the outstanding Voting Stock of the Issuer or (iii) during any twelve-month period, individuals who at the beginning of such period constitute the Board of Directors (together with any new directors whose election or nomination was approved by a majority of the directors then in office who were either directors at the beginning of such period or who were previously so approved) shall cease for any reason to con-

stitute a majority of the Board of Directors. Notwithstanding the foregoing, a Change of Control shall be deemed not to have occurred if one or more of the above events occurs or circumstances exist and, after giving effect thereto, the Securities are rated Investment Grade. For purposes of clause (i), NSP's "successors" shall be deemed to include NSP, as the "surviving corporation," as that term is used in the Agreement and Plan of Merger, dated as of March 24, 1999, by and between NSP and New Century Energies, Inc., if the merger contemplated by such agreement is consummated substantially in accordance with the terms specified therein.

"Change of Control Offer" has the meaning set forth in Section 4.10(b).

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

"Consolidated Current Liabilities" mean such liabilities of the Issuer on a consolidated basis as shall be determined in accordance with GAAP to constitute current liabilities.

"Consolidated Net Tangible Assets" means, as of the date of determination thereof, the total amount of all Issuer's assets determined on a consolidated basis in accordance with GAAP as of such date less the sum of (a) Consolidated Current Liabilities and (b) Intangible Assets.

"Conversion Event" means the occurrence of an Event of Default at any time prior to (but excluding) the Initial Reset Date, that results in the outstanding principal amount of the Securities being due and payable immediately.

"Corporate Trust Office" means the principal office of the Trustee in The City of New York, at which at any particular time its corporate trust business shall be administered, which at the date hereof is 101 Barclay Street, New York, New York, 10286.

"Currency Swap" means the Currency Swap Agreement between the Swap Counterparty and the Pass-Through Trustee, pursuant to an ISDA Master Agreement between such parties dated March 20, 2000.

"discharged" means, with respect to the Securities, the discharge of the entire indebtedness represented by, and all obligations of the Issuer under, the Securities and the satisfaction of all the obligations of the Issuer under this Indenture relating to the Securities, except (A) the rights of Holders of the Securities to receive, from the trust fund described in Section 10.1 hereof, payment of the principal of, and premium, if any, and interest, if any, on the Securities when such payments are due, (B) the Issuer's obligations with respect to the Securities

with respect to registration, transfer, exchange and maintenance of a place of payment and (C) the rights, powers, trusts, duties, protections and immunities of the Trustee under this Indenture.

"Dollar" or "$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debt in the United States.

"Dollar Swap Payment" means a semi-annual Dollar payment made by the Swap Counterparty to the Pass-Through Trustee on behalf of the holders of Certificates which is calculated at an annual interest rate of 8.70% on the basis of a 360-day year consisting of twelve months of 30-days each due on the lesser of $250,000,000 aggregate notional amount or a notional amount equal to the outstanding principal amount of the Certificates following a partial repurchase pursuant to a Certificate Change of Control Offer.

"DTC" means The Depository Trust Company (or a nominee thereof) or its successors.

"Event of Default" means any event or condition specified as such in Section 5.1 hereof that shall have continued for the period of time, if any, therein designated.

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

"Final Reset Date" means March 15, 2006, unless such date is not a Business Day, in which case the next succeeding day that is a Business Day.

"Fixed Rate Determination Date" means the 5th Business Day prior to the Fixed Rate Reset Date.

"Fixed Rate Reset Date" means the Reset Date corresponding to the Floating Rate Period Termination Date or the Initial Reset Date, as applicable.

"Floating Period Interest Rate" means, with respect to any Floating Rate Reset Period, the per annum interest rate with respect to the Securities for such Floating Rate Reset Period determined by the Remarketing Agent in accordance with the Remarketing Agreement.

"Floating Rate Option" means the right of the Issuer to, at its option, reset the interest rate on the Securities on any Reset Date to the Floating Period Interest Rate for each Floating Rate Reset Period.

"Floating Rate Period" means the period from and including the Initial Reset Date to but excluding the Floating Rate Period Termination Date.

"Floating Rate Period Termination Date" means the Final Reset Date or an earlier Reset Date if the Issuer elects to earlier terminate the Floating Rate Period, provided that the Issuer gives notice of such election to the Trustee and the Remarketing Agent no later than the 12th Business Day prior

to such earlier Reset Date in accordance with the Remarketing Agreement.

"Floating Rate Purchase Price" means the purchase price to be paid for the Securities as determined on the on the Floating Rate Spread Determination Date, which shall be equal to (i) the principal amount of the Securities plus (ii) the Senior Note Premium.

"Floating Rate Reset Period" means the period from and including the Initial Reset Date to but excluding the next succeeding Reset Date and thereafter the period from and including such next succeeding Reset Date to but excluding the next succeeding Reset Date; provided, however, that the final Floating Rate Reset Period shall extend to but exclude the Floating Rate Period Termination Date.

"Floating Rate Spread Determination Date" means the 5th Business Day prior to the Initial Reset Date.

"GAAP" means generally accepted accounting principles in the U.S. applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of the Issuer's audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"Gross-Up Taxes" has the meaning set forth in Section 4.9.

"Holder," "Holder of Securities," "Securityholder" and other similar terms mean the registered holder of any Security.

"Indebtedness" has the meaning set forth in Section 4.8.

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented.

"Initial Reset Date" means March 15, 2005 (unless such date is not a Business Day, in which case the next succeeding day that is a Business Day).

"Intangible Assets" means, as of the date of determination thereof, all assets of the Issuer properly classified as intangible assets as determined on a consolidated basis in accordance with GAAP.

"Interest Accrual Period" means the period from and including the preceding Interest Payment Date (or, in the case of the first such period, from and including the date of initial issuance of the Securities) to but excluding the current Interest Payment Date.

"Interest Amount" has the meaning set forth in Section 3.2(c).

"Interest Payment Date" means, in the case of interest accruing on the Securities (i) during the period from and including the date of initial issuance of the Securities to but excluding the Initial Reset Date, each March 15 and September 15 in such period and the Initial Reset Date (unless any such date is not a Business Day and a Conversion Event has not occurred, in which case the next succeeding day that is a Business Day), (ii) during the period from and including the Fixed Rate Reset Date to but excluding the final maturity of the Securities, each March 15 and September 15 and (iii) during each

Floating Rate Reset Period in the Floating Rate Period, the Reset Date next succeeding such Floating Rate Reset Period.

"Interest Rate to Maturity" means the per annum interest rate with respect to the Securities from and including the Fixed Rate Reset Date to but excluding the final maturity of the Securities equal to the rate determined by the Remarketing Agent pursuant to the Remarketing Agreement that would amortize the Senior Note Premium on the basis set forth in the Remarketing Agreement.

"Investment Banker" means an independent investment banking institution of national standing selected by the Issuer.

"Investment Grade" means, with respect to the Securities, a rating of Baa3 or higher by Moody's Investors Service, Inc., and a rating of BBB- or higher by Standard and Poor's Ratings Group (or, if either or both of the foregoing rating agencies cease to rate the Securities for reasons beyond the control of the Issuer, equivalent ratings by one or two (as the case may be) other nationally recognized statistical rating organizations (as such term is defined in Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act)); provided that if either of the foregoing rating agencies shall change its ratings designations while the Securities are Outstanding, "Investment Grade" shall mean the lowest ratings designation signifying "investment grade" issued by such agency (or higher).

"ISDA Master Agreement" means the ISDA Master Agreement dated as of March 7, 2000 between Bank of America, N.A. and the Pass-Through Trustee, as supplemented and amended by the schedule thereto.

"Issuer" means NRG Energy, Inc., a Delaware corporation, and, subject to Article 9 hereof, its successors and assigns.

"NSP" means Northern States Power Company, a Minnesota corporation.

"Officers' Certificate" means a certificate signed on behalf of the Issuer by the Chairman of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board or the President, or any Vice President and by the Chief Financial Officer or the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Issuer and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 11.6 hereof, if and to the extent required thereby.

"Opinion of Counsel" means an opinion in writing signed by legal counsel satisfactory to the Trustee, who may be an employee of or counsel to the Issuer. Each such opinion shall include the statements provided for in Section 11.6 hereof, if and to the extent required thereby.

"Outstanding", when used with reference to Securities, shall, subject to the provisions of Section 7.4 hereof, mean, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except:

(1) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation, or which shall have been paid pursuant to Section 2.7 hereof (other than any such 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 the Securities are valid obligations of the Issuer); and

(2) Securities, or portions thereof, for the payment or redemption of which moneys or direct obligations of the United States of America backed by its full faith and credit in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Issuer) or shall have been set aside, segregated and held in trust by the Issuer (if the Issuer shall act as its own paying agent), provided that if such Securities are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice.

"Pass-Through Trustee" means The Bank of New York, as trustee of the NRG Energy Pass-Through Trust 2000-1.

"Paying Agent" means any Person authorized by the Issuer to pay the principal of, or premium, if any, or interest on, any Securities on behalf of the Issuer hereunder, including, without limitation, the Principal Paying Agent.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Pounds Sterling" means such currency of the United Kingdom as at the time of payment is legal tender for the payment of public and private debts.

"Principal Paying Agent" means The Bank of New York until a successor Principal Paying Agent shall have become such pursuant to the applicable provisions of this Indenture and, thereafter, "Principal Paying Agent" shall mean such successor Principal Paying Agent.

"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 such Security is to be redeemed pursuant to this Indenture, exclusive of accrued and unpaid interest.

"Regulation S" means Regulation S under the Securities Act, as such Regulation may be amended from time to time, or under any similar rules or regulations hereafter adopted by the Commission.

"Relevant Date" for any payment to be made with respect to the Securities of any series means whichever is the later of (i) the date on which the relevant payment first becomes due and (ii) if the full amount payable has not been received in The City of New York by the Trustee on or prior to such due date, the date on which, the full amount payable having been so received, notice to that effect shall have been given to the Holders in accordance with this Indenture.

"Remarketing Agreement" means the Remarketing Agreement dated as of March 20, 2000 between the Issuer and the Remarketing Agent.

"Remarketing Agent" means Banc of America Securities LLC or any affiliate thereof or its successor or assigns.

"Reset Date" means, as applicable, any of the Initial Reset Date and, as applicable, June 15, 2005, September 15, 2005, December 15, 2005 or March 15, 2006 (unless any such date is not a Business Day, in which case the next succeeding day that is a Business Day).

"Responsible Officer", when used with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Rule 144A" means Rule 144A under the Securities Act, as such Rule may be amended from time to time, or under any similar rules or regulation hereafter adopted by the Commission.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

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

"Security" or "Securities" has the meaning set forth in the recitals above.

"Senior Note Premium" means the "Note Premium" on the Securities as that term is defined in the Remarketing Agreement and as determined by Remarketing Agent pursuant to the Remarketing Agreement.

"Senior Note Repurchase Date" has the meaning set forth in Section 4.10(b).

"Stated Maturity" means, with respect to any Security or any installment of interest thereon, the date specified as the fixed date on which any principal or any such installment of interest is due and payable.

"Sterling Swap Payment" means a semi-annual payment to be made by the Pass-Through Trustee to the Swap Counterparty which is calculated to equal the Pound Sterling semi-annual interest payment required to be made by the Company on the Securities.

"Swap Counterparty" means Bank of America, N.A., or its successors.

"Swap Termination Event" means the termination of the Currency Swap in accordance with its terms on March 15, 2005 (or, if such day is not a Business Day, the next succeeding Business Day), unless earlier terminated as a result of (a) the failure for 30 days by the Pass-Through Trustee to make a Sterling Swap Payment thereunder, (b) the failure by the Swap Counterparty to make a Dollar Swap Payment thereunder if such failure is not remedied on or before the third Business Day after notice of such failure is given by the Pass-Through Trustee to the Swap Counterparty, (c) the occurrence of a Conversion Event, (d) the occurrence of a redemption of the Securities as a result of an Optional Tax Redemption, (e) the occurrence of a repurchase of 100% of the Securities as a result of a Change of Control, (f) the commencement of insolvency, conservatorship or receivership in respect of the Trust or (g) certain other events as described in the Currency Swap.

"Taxing Jurisdiction" means the jurisdiction (or any political subdivision or taxing authority thereof) under the laws of which the Issuer is incorporated or in which the Issuer is managed and controlled or has a place of

business.

"Trust Agreement" means the Trust Agreement, dated as of March 20, 2000, between the Issuer and The Bank of New York, as trustee.

"Trustee" means the entity identified as "Trustee" in the first paragraph hereof until the appointment of a successor trustee pursuant to Article 6, after which "Trustee" shall mean such successor trustee.

"United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"U.S. Government Obligations" means securities that are (i) direct and unconditional obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by, and acting as an agency or instrumentality of, the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America and which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company subject to federal or state supervision or examination with a combined capital and surplus of at least $100,000,000, as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors (or persons fulfilling similar responsibilities) of such Person.

"1996 Senior Notes" means $125,000,000 aggregate principal amount of 7.625% Securities Due 2006 of the Issuer, issued pursuant to an Indenture dated as of January 31, 1996, between the Issuer and Norwest Bank Minnesota, National Association.

"1997 Senior Notes" means $250,000,000 principal amount of 7 1/2% Senior Notes Due 2007 of the Issuer, issued pursuant to an Indenture dated as of June 1, 1997, between the Issuer and Norwest Bank Minnesota, National Association.

"1999 Senior Notes" means $300,000,000 principal amount of 7 1/2 % Senior Notes Due 2009 of the Issuer, issued pursuant to an Indenture dated as of May 25, 1999, between the Issuer and Norwest Bank Minnesota, National Association.

"1999 ROARS" means $240,000,000 principal amount of 8% Remarketable or Redeemable Securities (ROARS(SM)) due 2013 of the Issuer, issued pursuant to an Indenture dated as of November 8, 1999, between the Issuer and Norwest Bank Minnesota, National Association.

ARTICLE 2

ISSUE, EXECUTION, FORM AND REGISTRATION OF SECURITIES

Section 2.1 Authentication and Delivery of Securities.

Upon the execution and delivery of this Indenture, or from time to time thereafter, Securities in an aggregate principal amount not in excess of pound sterling 160,000,000 (except as otherwise provided in Section 2.5 hereof) may be executed by the Issuer and delivered to the Trustee for authentication, and the Trustee or the Authentication Agent shall thereupon authenticate and deliver said Securities to or upon the written order of the Issuer, signed by both (a) its Chairman of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, or any Vice Chairman of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, or its President or any Vice President and (b) by its Chief Financial Officer, or its Secretary or any Assistant Secretary, or its Treasurer or any Assistant Treasurer without any further action by the Issuer. The Securities shall be direct, unconditional obligations of the Issuer and shall rank pari passu without preference among themselves and equally in priority of payment with all other present and future unsubordinated, unsecured indebtedness of the Issuer.

Section .1 Execution of Securities.

The Securities shall be signed on behalf of the Issuer by both (a) its Chairman of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, or any Vice Chairman of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, or its President or any Vice President and (b) by its Chief Financial Officer or its Secretary or its Assistant Secretary or its Treasurer or any Assistant Treasurer, under its corporate seal which may, but need not, be attested. Such signatures may be the manual or facsimile signatures of the present or any future such officers. The seal of the Issuer may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Security that has been duly authenticated and delivered by the Trustee.

In case any officer of the Issuer who shall have signed any of the Securities shall cease to be such officer before the Security so signed shall be authenticated and delivered by the Trustee or disposed of by the Issuer, such Security nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Security had not ceased to be such officer of the Issuer; and any Security may be signed on behalf of the Issuer by such Persons as, at the actual date of the execution of such Security, shall be the proper officers of the Issuer, although at the date of the execution and delivery of this Indenture any such Person was not such officer.

Section .2 Certificate of Authentication.

Only such Securities as shall bear thereon a certificate of authentication substantially in the form recited in the form of Security attached as Exhibit A hereto, executed by the Trustee or the Authenticating Agent by manual signature of one of its authorized signatories, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee or the Authenticating Agent upon any Security executed by the Issuer shall be conclusive evidence that the Security

so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

Section 2.2 Form, Denomination and Date of Securities.

(1) The Securities and the Trustee's certificate of authentication shall be substantially in the form set forth in the form of Security attached as Exhibit A hereto, the terms of which are herein incorporated by reference and which are part of this Indenture. The Securities shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Issuer executing the same may determine with the approval of the Trustee. Any of the Securities may be issued with appropriate insertions, omissions, substitutions and variations and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, or with the rules of any securities market in which the Securities are admitted to trading, or to conform to general usage.

(2) The Issuer shall execute and the Trustee shall authenticate and deliver the Securities pursuant to a Company Order.

(3) Each Security shall be dated the date of its authentication and shall bear interest from the applicable date at a rate specified on the face thereof, which interest shall be payable on the dates specified on the face thereof.

(4) The Person in whose name any Security is registered at the close of business on the record date specified in the Securities with respect to any Interest Payment Date shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Security subsequent to the record date and prior to such Interest Payment Date, except if and to the extent the Issuer shall default in the payment of the interest due on such Interest Payment Date, in which case such defaulted interest shall be paid to the Persons in whose names Outstanding Securities are registered at the close of business on a subsequent special record date, to be established (together with the related payment date) by the Issuer with the consent of the Trustee. Such special record date shall not be more than 15 nor less than 10 Business Days prior to the payment date. Not more than 15 days prior to the special record date, the Issuer (or the Trustee, in the name of and at the expense of the Issuer) shall mail to Holders a notice that states the special record date, the related payment date and the amount of interest to be paid. Notice of the proposed payment of such defaulted interest 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 are registered on such special record date.

(5) The Securities shall be issuable in the denominations specified in the form of Security attached as Exhibit A hereto.

Section 2.3 Mutilated, Defaced, Destroyed, Lost and Stolen Securities.

In case any temporary or definitive Security shall become mutilated or defaced or be apparently destroyed, lost or stolen, the Issuer in its discretion may execute, and upon the written request any officer of the Issuer, the Trustee shall authenticate and deliver a new Security, bearing a

number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Security, or in lieu of and substitution for the Security so apparently destroyed, lost or stolen. In every case the applicant for a substitute Security shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as may be required by them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the apparent destruction, loss or theft of such Security and of the ownership thereof.

Upon the issuance of a substitute Security, the Issuer 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 (including the fees and expenses of the Trustee) connected therewith. In case any Security which has matured or is about to mature, or has been called for redemption in full, shall become mutilated or defaced or be apparently destroyed, lost or stolen, the Issuer may, instead of issuing a substitute Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Security), if the applicant for such payment shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as any of them may require to save each of them harmless from all risks, however remote, and, in every case of apparent destruction, loss or theft, the applicant shall also furnish to the Issuer and the Trustee and any agent of the Issuer or the Trustee evidence to their satisfaction of the apparent destruction, loss or theft of such Security and of the ownership thereof.

Every substitute Security issued pursuant to the provisions of this Section by virtue of the fact that any Security is apparently destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the apparently destroyed, lost or stolen Security shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Securities duly authenticated and delivered hereunder. All Securities shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced, or apparently destroyed, lost or stolen Securities and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the

contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.4 Cancellation of Securities; Destruction Thereof.

All Securities surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Issuer or any agent of the Issuer or the Trustee, shall be delivered to the Trustee for cancellation or, if surrendered to the Trustee, shall be canceled by it, provided all conditions regarding such cancellation have been met; and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall cancel and dispose of all Securities surrendered for registration of transfer, exchange, payment or cancellation in accordance with the Trustee's policy of disposal. If the Issuer shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

Section 2.5 Transfer Agent and Paying Agent.

The Issuer shall enter into an appropriate appointment letter with any Registrar, Transfer Agent or Paying Agent not a party to this

Indenture, which shall implement the provisions of this Indenture that relate to such Person. The Issuer shall notify the Trustee of the name and address of any such Person. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 6.6. The Issuer initially appoints the Trustee as Registrar, Transfer Agent and Principal Paying Agent in The City of New York.

ARTICLE 3

TERMS OF THE SECURITIES

Section 3.1 Issue of Securities.

(1) On or after the Initial Reset Date, the Securities shall be issuable in minimum denominations of pound sterling 10,000 and integral multiples of pound sterling 1,000 in excess thereof.

(2) The Securities shall have a final maturity date of March 15, 2020.

(3) The record date for the Securities shall be 15 calendar days immediately prior to each Interest Payment Date.

Section 3.2 Interest through the Initial Reset Date.

(1) The per annum interest rate on the Securities for each Interest Accrual Period through the Initial Reset Date will be 7.97% and shall be payable in Pounds Sterling; provided, however, that, upon the occurrence of a Conversion Event, the provisions of Section 3.3 shall become effective.

(2) Interest on the Securities through the Initial Reset Date will be payable semi-annually on each Interest Payment Date, commencing on the Interest Payment Date next succeeding the date of initial issuance of the Securities; provided, however, that, if any such Interest Payment Date is not a Business Day and a Conversion Event has not occurred, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay).

(3) The amount payable in respect of interest on the principal amount of the Securities (the "Interest Amount") outstanding at the end of the relevant Interest Accrual Period shall be determined on the basis of a 360-day year of twelve 30-day months; provided however, that in the event of a Swap Termination Event, other than a Swap Termination Event caused by a Conversion Event, an Optional Tax Redemption, or the repurchase of 100% of the Securities pursuant to a Change of Control, the Interest Amount shall be determined by (i) applying the rate of interest to the principal amount of the outstanding Securities and (ii) multiplying that amount by the actual number of days in such Interest Accrual Period divided by 365 (or if such Interest Accrual Period ends after February 28 in a leap year, 366) expressed as a decimal and rounded upward if necessary to the nearest 1/16th of 1%.

Section 3.3 Conversion Event.

(1) Upon the occurrence of a Conversion Event, then automatically (i) the aggregate principal amount of the outstanding Securities shall convert to $250,000,000 or whatever lesser amount of the Certificates is then outstanding, effective from the date of the immediately preceding Interest Payment Date prior to the occurrence of such Conversion Event and (ii) the interest rate on the outstanding Securities shall convert to 8.70% per annum

effective from the date of the immediately preceding Interest Payment Date prior to the occurrence of such Conversion Event, and such interest rate shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(2) Upon the occurrence of a Conversion Event, the Trustee shall provide notice by first class mail within 15 calendar days after the occurrence of such Conversion Event (or if the declaration of acceleration relating to such Conversion Event shall have been given by Holders of the Securities, after the date on which the Trustee shall receive notice of such acceleration) providing the information set forth in this Section 3.3 to any securities exchange on which the Securities may then be listed and to the Holders of the Securities.

Section 3.4 Interest after Initial Reset Date.

(1) Interest Rate to Maturity.

(1) The interest rate in effect with respect to the Securities immediately prior to the Initial Reset Date shall be reset on the Initial Reset Date to equal the Interest Rate to Maturity, as determined by the Remarketing Agent in accordance with the procedures established in the Remarketing Agreement and subject to Section 3.6, and shall be effective from and including the Initial Reset Date to but excluding the final maturity of the Securities, unless the Issuer shall exercise the Floating Rate Option in accordance with paragraph (b) of this Section 3.4. If the Issuer shall have exercised the Floating Rate Option, then the Floating Period Interest Rate shall be reset in accordance with the Remarketing Agreement on the Reset Date corresponding to the Floating Rate Period Termination Date to equal the Interest Rate to Maturity, which interest rate shall be effective from and including such Reset Date to but excluding the final maturity of the Securities.

(2) During the period from and including the Fixed Rate Reset Date to but excluding the final maturity of the Securities, interest on the Securities shall accrue on the principal amount of the Securities at the Interest Rate to Maturity and shall be payable semi-annually on each Interest Payment Date, commencing with the first such Interest Payment Date following the Fixed Rate Reset Date; provided, however, that, if any such Interest Payment Date is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay). Interest on the Securities from the Fixed Rate Reset Date shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(2) Floating Rate Period.

(1) In accordance with procedures established in the Remarketing Agreement and subject to Section 3.6, if the Issuer exercises the Floating Rate Option no later than the 5th Business Day prior to the Floating Rate Spread Determination Date by providing notice to the Trustee and Remarketing Agent, then the Securities shall bear interest at the Floating Period Interest Rate for each Floating Rate Reset Period in the Floating Rate Period.

(2) During each Floating Rate Reset Period in the Floating Rate Period, interest on the Securities shall accrue on the principal amount of the Securities at the Floating Period Interest Rate for such Floating Rate Period and shall be payable quarterly on each Interest Payment Date,

commencing with the first such Interest Payment Date following the Initial Reset Date. The Interest Amount for such Floating Rate Reset Period shall be determined by (A) applying the Floating Period Interest Rate for such Floating Rate Reset Period to the Floating Rate Purchase Price and (B) multiplying that amount by the actual number of days in such Floating Rate Reset Period divided by 365 (or, if such Floating Rate Reset Period ends after February 28 in a leap year, 366) expressed as a decimal and rounded upward if necessary to the nearest 1/16th of 1%.

(3) Notice.

Subject to Section 3.6, the Remarketing Agent shall notify the Issuer and the Trustee by telephone, confirmed in writing (which may include facsimile or other electronic transmission) by 4:00 p.m. (London time), (i) on the Fixed Rate Determination Date of the Interest Rate to Maturity, which shall be effective from and including the Fixed Rate Reset Date and (ii) on each Reset Date, if the Company elects the Floating Rate Option, of the Floating Period Interest Rate for the Floating Rate Reset Period beginning on such Reset Date, which shall be effective from and including such Reset Date. Any such notification by the Remarketing Agent, absent manifest error, shall be binding and conclusive upon the holders of beneficial interests in the Securities, the Issuer and the Trustee.

Section 3.5 Mandatory Tender.

(1) Subject to 3.6(c), if the Callholder shall have purchased the Securities pursuant to the Call Option Agreement and the Issuer shall have elected the Floating Rate Option, the Securities shall be automatically tendered, or deemed tendered, by the Holders thereof to the Remarketing Agent for purchase on the Floating Rate Period Termination Date. On the Reset Date corresponding to the Floating Rate Period Termination Date, the interest rate on the Securities shall be reset to equal the Interest Rate to Maturity in accordance with, and the Securities shall be remarketed pursuant to, the Remarketing Agreement.

(2) The purchase price for the Securities tendered pursuant to paragraph (a) of this Section 3.5 shall equal 100% of the Floating Rate Purchase Price plus accrued and unpaid interest, if any, thereon to but excluding the Floating Rate Period Termination Date. If for any reason the Remarketing Agent does not purchase all of the Securities on the Floating Rate Period Termination Date, the Issuer shall redeem the Securities on the Floating Rate Period Termination Date at a redemption price equal to 100% of the Floating Rate Purchase Price plus accrued and unpaid interest, if any, thereon to but excluding the Floating Rate Period Termination Date. If the Remarketing Agent elects to purchase the Securities, such obligation of the Remarketing Agent is subject to the conditions set forth in the Remarketing Agreement.

Section 3.6 Redemption.

(1) Early Redemption Right of Holder.

(1) In the event that the Callholder (A) has not given notice on or before February 15, 2005 of its intention to exercise the call option under the Call Option Agreement or (B) fails to pay on or before the Business Day next preceding the Initial Reset Date the call price required under the Call Option Agreement, the Issuer shall redeem the Securities on the Initial Reset Date, in whole but not in part, at a price equal to 100% of the aggregate principal amount of the Securities plus accrued and unpaid interest thereon to

but excluding the Initial Reset Date, upon written notice by 5:00 p.m. (London time) on the Business Day next preceding the Initial Reset Date from the Trustee, as holder of the Securities.

(2) Any written notice given by the Trustee, as holder of the Securities, pursuant to paragraph (i) of this Section 3.6(a) shall be irrevocable; provided, however, that if prior to the Initial Reset Date an Event of Default shall have occurred and be continuing, such holder, at its option, may elect by written notice to the Issuer, to withdraw the instructions given pursuant to paragraph (i) of this Section 3.6(a) and instead declare the Securities to be due and payable pursuant to Section 5.1.

(2) Mandatory Redemption.

If the Callholder shall have purchased the Securities pursuant to the Call Option Agreement and the Issuer shall have elected the Floating Rate Option, the Issuer shall be required to redeem the outstanding Securities, in whole but not in part, on any Reset Date following the Initial Reset Date at a redemption price equal to the Floating Rate Purchase Price plus accrued and unpaid interest, if any, thereon to but excluding such Reset Date in the event that (i) the Remarketing Agent for any reason does not notify the Issuer of the Floating Period Interest Rate for the Floating Rate Reset Period beginning on such Reset Date by 4:00 p.m. (London time) on such Reset Date or of the Interest Rate to Maturity by 4:00 p.m., (London time) on the Fixed Rate Determination Date, as applicable, (ii) prior to any such Reset Date, the Remarketing Agent resigns and no successor has been appointed on or before such Reset Date or Fixed Rate Determination Date, as applicable, (iii) the Remarketing Agent elects to terminate the Remarketing Agreement in accordance with its terms, (iv) the Remarketing Agent for any reason does not elect (by notice to the Issuer and the Trustee not later than the Fixed Rate Determination Date) to purchase the Securities for remarketing on the Floating Rate Period Termination Date or (v) the Remarketing Agent for any reason does not deliver the purchase price of the Securities to or through DTC on or before the Floating Rate Period Termination Date as provided in the Remarketing Agreement.

(3) Optional Redemption.

If the Callholder shall have purchased the Securities pursuant to the Call Option Agreement and the Issuer shall have elected the Floating Rate Option, the Issuer shall notify the Callholder, the Remarketing Agent and the Trustee, not later than the Business Day immediately preceding the Floating Rate Period Termination Date, if the Issuer irrevocably elects to exercise its right to redeem the Securities, in whole but not in part, from the Remarketing Agent on the Floating Rate Period Termination Date. If the Issuer elects to redeem the Securities, the Issuer shall redeem the Securities in whole at a redemption price equal to the Floating Rate Purchase Price plus accrued and unpaid interest, if any thereon to but excluding the Floating Rate Period Termination Date.

(4) Optional Tax Redemption.

The Securities may be redeemed at the election of the Issuer, as a whole, but not in part, by the giving of notice not more than 60 days nor less than 30 days as provided in Section 11.4, at a price equal to the outstanding principal amount thereof, together with Additional Amounts, if any, and accrued interest, if any, to the Redemption Date, if (a) the Issuer satisfies the Trustee that it has or will become obligated to pay Additional Amounts on the Securities, as a result of any change in, or amendment to, the laws or regulations of a Taxing Jurisdiction, or any change in the application or interpretation of such laws or regulations, which change or amendment becomes

effective (subject to Section 9.1) on or after the date of original issuance of the Securities, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Securities then due. Prior to the publication of any notice of redemption of such Securities pursuant to this Indenture, the Issuer will deliver to the Trustee an Officers' Certificate stating that the obligation to pay such Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall accept such certificate as sufficient evidence of the condition precedent set forth in clause (b) above, and such certificate shall be conclusive and binding on the Holders of the Securities.

ARTICLE 4

COVENANTS OF THE ISSUER AND THE TRUSTEE

Section 4.1 Payment of Principal and Interest.

The Issuer covenants and agrees that it will duly and punctually pay or cause to be paid the principal and the Change of Control purchase price of, and premium, if any, and interest and Additional Amounts, if any, on, each of the Securities at the place or places, at the respective

times and in the manner provided in the Securities. Payment of principal and the Change of Control purchase price of, and premium and interest and Additional Amounts, if any, on, the Securities shall be paid by mailing a check to or upon the written order of each registered Holders of Securities entitled thereto at its last address as it appears on the Securities Register or, upon written application to the Trustee by a Holder of pound sterling 1,000,000 or more in aggregate principal amount of Securities, by wire transfer of immediately available funds to an account maintained by such Holder with a bank or other financial institution; provided, however, that (subject to the provisions of Section 2.7 hereof) payment of principal and the Change of Control purchase price of, and premium and Additional Amounts, if any, on, any Security may be conditioned upon presentation for payment of the certificate representing such Security.

Section .3 Offices for Payments, etc.

So long as any of the Securities remain Outstanding, the Issuer shall maintain in the Borough of Manhattan, The City of New York, the following: (a) an office or agency where the Securities may be presented for payment, (b) an office or agency where the Securities may be presented for registration of transfer and for exchange as in this Indenture provided and (c) an office or agency where notices and demands to or upon the Issuer in respect of the Securities or of this Indenture may be served. The Issuer shall give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. The Issuer hereby initially designates the Trustee's Corporate Trust Office as such office or agency. The Trustee shall make Sterling-denominated payments on the Securities through a London-based account of the Trustee. In case the Issuer shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Trustee.

Section 4.2 Appointment to Fill Vacancy in Office of Trustee.

The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, shall appoint, in the manner provided in Section 6.9

hereof, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 4.3 Paying Agents.

The Trustee shall be the principal paying agent for the Securities. Whenever the Issuer shall appoint a paying agent other than the Trustee, it shall cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section:

(1) that it will hold all sums received by it as such agent for the payment of the principal or Change of Control purchase price of, or premium or interest or Additional Amounts, if any, on, the Securities (whether such sums have been paid to it by the Issuer

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or by any other obligor on the Securities) in trust for the benefit of the Holders of the Securities or of the Trustee,

(2) that it will give the Trustee notice of any failure by the Issuer (or by any other obligor on the Securities) to make any payment of the principal or Change of Control purchase price of, or premium or interest or Additional Amounts, if any, on, the Securities when the same shall be due and payable, and

(3) pay any such sums so held in trust by it to the Trustee upon the Trustee's written request at any time during the continuance of the failure referred to in clause (b) above.

If the Trustee is not the Registrar, the Issuer shall, prior to each due date of the principal or Change of Control purchase price of, or premium, if any, or interest or Additional Amounts, if any, on the Securities, deposit with the paying agent a sum sufficient to pay such principal, Change of Control purchase price premium, interest or Additional Amounts and (unless such paying agent is the Trustee) the Issuer shall promptly notify the Trustee of any failure to take such action.

Anything in this Section 4.4 to the contrary notwithstanding, the Issuer may at any time, for the purpose of obtaining satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by any paying agent hereunder, as required by this Section 4.4, such sums to be held by the Trustee upon the trusts herein contained.

Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 4.4 is subject to the provisions of Section 10.3 and Section 10.1 hereof.

Section .4 Certificate to Trustee.

Issuer shall furnish to the Trustee on or before March 31 in each year (beginning with March 31, 2001) a brief certificate from the principal executive, financial or accounting officer of this Issuer as to his or her knowledge of the Issuer's compliance with all covenants under this Indenture (such compliance to be determined without regard to any period of grace or requirement of notice provided under this Indenture).

Section 4.4 Securityholder's Lists.

The Issuer shall furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the Holders of the Securities (a) semiannually not more than 15 days after each record date for the payment of semi-annual interest on the Securities, as specified in the form of Security attached as Exhibit A hereto, as of

such record date, and (b) at other times as the Trustee may request in writing, within thirty days after receipt by the Issuer of any such request as of a date not more than 15 days prior to the time such information is furnished.

Section 4.5 Reports by the Issuer.

The Issuer shall file with the Trustee and provide Securityholders, within 15 days after it files them with the Commission, copies of its annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) that the Issuer is required to file with the Commission pursuant to Section 13 or 15(d) of Exchange Act.

Section 4.6 Limitation on Liens.

So long as any of the Securities are Outstanding, the Issuer shall not pledge, mortgage or hypothecate, or permit to exist, any mortgage, pledge or other lien upon any property at any time directly owned by the Issuer to secure any indebtedness for money borrowed that is incurred, issued, assumed or guaranteed by the Issuer ("Indebtedness"), without making effective provisions whereby the Securities shall be equally and ratably secured with any and all such Indebtedness and with any other Indebtedness similarly entitled to be equally and ratably secured; provided, however, that this restriction shall not apply to or prevent the creation or existence of (i) liens existing at the Original Issuance Date of the Securities, (ii) purchase money liens that do not exceed the cost or value of the purchased property, (iii) other liens not to exceed 10% of Consolidated Net Tangible Assets, and (iv) liens granted in connection with extending, renewing, replacing or refinancing, in whole or in part, the Indebtedness (including, without limitation, increasing the principal amount of such Indebtedness) secured by liens described in the foregoing clauses (i) through (iii).

In the event that the Issuer shall propose to pledge, mortgage or hypothecate any property at any time directly owned by it to secure any Indebtedness, other than as permitted by clauses (i) through (iv) of the previous paragraph, the Issuer shall (prior thereto) give written notice thereof to the Trustee, who shall give notice to the Holders, and the Issuer shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure all the Securities equally and ratably with such Indebtedness.

Section 4.7 Payment of Additional Amounts.

All payments of principal and interest (including payments of a Change of Control purchase price and premium, if any) with respect to the Securities shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Taxing Jurisdiction or by or within any political subdivision thereof or any authority therein or thereof having power to tax ("Gross-Up Taxes"), unless such

withholding or deduction is required by law. In the event of any such withholding or deduction, the Issuer, shall pay to the Holder of such Securities such additional amounts in respect of such withholding or deduction as are necessary so that such Holder receives the amount that would have been due to such Holder in the absence of such withholding or deduction ("Additional Amounts"), except that no such Additional Amounts shall be payable:

(1) to, or to a Person on behalf of, a Holder who is liable for such Gross-Up Taxes with respect to the Securities, by reason of such Holder having some connection with the relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, such Taxing Jurisdiction) other than the mere holding of a Security or the receipt of principal and interest (including payments of discount and premium, if any) in respect thereof; or

(2) to, or to a Person on behalf of, a Holder who presents a Security (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that such Holder would have been entitled to such Additional Amounts on presenting such Security for payment on the last day of such period of 30 days; or

(3) to, or to a Person on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or similar claim for exemption to the relevant tax authority; or

(4) in respect of any estate, asset, inheritance, gift, transfer or sales tax that is imposed or withheld; or

(5) any combination of (a)-(d) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Security (or any interest therein) been the Holder of the Security, he would not have been entitled to payment of Additional Amounts by reason of any one or more of clauses (a) through (d) above. If the Issuer shall determine that Additional Amounts will not be payable for any of the foregoing reasons, the Issuer will inform such Holder promptly after making such determination setting forth the reason(s) therefor.

Reference in this Indenture or any Securities to payment of principal, Change of Control purchase price, interest, discount or premium in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable as set forth in this Indenture or in the Securities.

At least 10 Business Days prior to the first Interest Payment Date (and at least 10 Business Days prior to each succeeding Interest Payment Date if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate), the Issuer will furnish to the Trustee and any Paying Agent an Officers' Certificate instructing the Trustee and

any Paying Agent whether payments of principal of, or premium, if any, or interest on, the Securities due on such Interest Payment Date shall be without deduction or withholding for or on account of any Gross-Up Taxes. If any such deduction or withholding shall be required, prior to such Interest Payment Date the Issuer will furnish the Trustee and any Paying Agent with an Officers' Certificate which specifies the amount, if any, required to be withheld on such payment to Holders and certifies that the Issuer shall pay such withholding or deduction. The Issuer covenants to indemnify the Trustee and any Paying Agent for, and to hold the Trustee and any Paying Agent harmless against, any loss, liability or expense reasonably incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with actions taken or omitted by the Trustee or any Paying Agent in reliance on any Officers' Certificate furnished pursuant to this paragraph. Any Officers' Certificate required by this Section 4.9 to be provided to the Trustee and any Paying Agent shall be deemed to be duly provided if telecopied to the Trustee and such Paying Agent.

The Issuer shall furnish to the Trustee the official receipts (or a certified copy of the official receipts) evidencing payment of Gross-Up Taxes. Copies of such receipts shall be made available to the Holders of the Securities upon request.

Section 4.8 Repurchase of Securities Upon a Change of Control.

(1) Upon the occurrence of a Change of Control, (i) prior to the Initial Reset Date, each Holder of the Securities shall have the right to require that the Issuer repurchase such Holder's Securities at a repurchase price in Pounds Sterling equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of repurchase, plus a payment in U.S. Dollars equal to 1% of the principal amount of Certificates to be repurchased pursuant to a Change of Control Offer as set forth in the Trust Agreement, (ii) after the Initial Reset Date, each Holder of the Securities shall have the right to require that the Issuer repurchase such Holder's Securities at a repurchase price in Pounds Sterling equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of repurchase and (iii) prior to the Initial Reset Date, but after a Conversion Event, each Holder of the Securities shall have the right to require that the Issuer repurchase such Holder's Securities at a repurchase price in Dollars equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of repurchase, in each case, in accordance with the terms set forth in subsection (b) below.

(2) Within 30 days following any Change of Control, the Issuer shall mail a notice to each Holder (with a copy to the Trustee) stating:

(1) that a Change of Control has occurred and (i) if prior to the Initial Reset Date, that such Holder shall have the right to require that the Issuer repurchase such Holder's Securities at a repurchase price in Pounds Sterling equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of repurchase, plus a payment in U.S. Dollars equal to 1% of the principal amount of Certificates to be repurchased pursuant to a Change of Control Offer as set forth in the Trust Agreement, (ii) if after the Initial Reset Date,

that such Holder has the right to require the Issuer to repurchase such Holder's Securities at a repurchase price in Pounds Sterling equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of

repurchase and (iii) if prior to the Initial Reset Date, but after a Conversion Event, that such Holder shall have the right to require that the Issuer repurchase such Holder's Securities at a repurchase price in Dollars equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of repurchase (in each such case, a "Change of Control Offer");

(2) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization of the Issuer after giving effect to such Change of Control);

(3) that any Security not tendered for repurchase will continue to accrue interest;

(4) that interest on any Security accepted for payment pursuant to the Change of Control Offer shall cease to accrue after the repurchase of such Security on the Repurchase Date if payment thereof has been deposited with the Trustee;

(5) that Holders electing to have a Security repurchased pursuant to a Change of Control Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the paying agent at the address specified in the notice prior to the close of business on the Business Day prior to the Senior Note Repurchase Date;

(6) that Holders will be entitled to withdraw their election if the paying agent receives, not later than the close of business on the third Business Day (or such shorter periods as may be required by applicable law) preceding the Senior Note Repurchase Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Securities the Holder delivered for repurchase, and a statement that such Holder is withdrawing its election to have such Securities repurchased; and

(7) that Holders that elect to have their Securities purchased only in part will be issued new Securities in a principal amount equal to then unpurchased portion of the Securities surrendered.

(3) The repurchase date (the "Senior Note Repurchase Date") shall be:

(1) if prior to the Initial Reset Date, the Certificate Repurchase Date; and upon receiving notice of the Certificate Repurchase Date, the Issuer shall promptly notify each Holder (with a copy to the Trustee) of the Senior Note Repurchase Date; and

(2) if after the Initial Reset, a Business Day that is not earlier than 30 days or later than 60 days from the date the Issuer notifies the Trustee, by mail, of a Change of Control pursuant to Section 4.10(b).

(4) On the Senior Note Repurchase Date, the Issuer shall (i) accept for payment Securities or portions thereof tendered pursuant to the Change of Control Offer, (ii) deposit with the Trustee money sufficient, without reinvestment, to pay the purchase price of all Securities or portions thereof so tendered and (iii) deliver or cause to be delivered to the Trustee, Securities so accepted together with an Officers' Certificate identifying the Securities or portions thereof tendered to the Issuer. The Trustee shall promptly mail to the Holders of the Securities so accepted payment in an amount equal to the purchase price, and promptly authenticate and mail to such Holders new Securities in

principal amount equal to any unpurchased portion of the Securities surrendered. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Senior Note Repurchase Date.

(5) The Issuer shall comply with Rule 14e-1 under the Exchange Act and any other applicable laws and regulations in the event that a Change of Control occurs and the Issuer is required to make a Change of Control Offer.

ARTICLE I

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

Section 4.9 Event of Default Defined; Acceleration of Maturity; Waiver of Default.

In case of one or more of the following Events of Default (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing, that is to say:

(1) default in the payment of all or any part of the principal or Change of Control purchase price of, or premium, if any, on, any of the Securities as and when the same shall become due and payable either at maturity, upon any redemption or required repurchase, by declaration of acceleration or otherwise;

(2) default in the payment of any installment of interest, or any Additional Amounts, upon any of the Securities as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

(3) an event of default, as defined in any instrument of the Issuer under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of the Issuer that has resulted in the acceleration of such Indebtedness, or any default occurring in payment of any such Indebtedness at final maturity (and after the expiration of any applicable grace periods), other than such Indebtedness (i) which is payable solely out of the property or assets of a partnership, joint venture or similar entity of which the Issuer is a participant, or which is secured by a lien on the property or assets owned or held by such entity, without further recourse to or liability of the Issuer, or (ii) the principal of, and interest on, which, when added to the principal of and interest on all other such Indebtedness (exclusive of Indebtedness under clause (i) above), does not exceed $20,000,000 in the aggregate;

(4) failure on the part of the Issuer duly to observe or perform any other of the covenants or agreements on the part of the Issuer in the Securities or in this Indenture and such failure continues for a period of 30 days after the date on which written notice specifying such failure, stating that such notice is a "Notice of Default" hereunder and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer by the Trustee, or to the Issuer and the Trustee by the Holders of at least 25% in aggregate principal amount of the Securities at the time Outstanding;

(5) one or more final judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or similar entity for the payment of money shall be rendered against the Issuer or any of its properties in an aggregate amount in excess of $20,000,000 (excluding the amount thereof covered by insurance), and such judgment, decree or order

shall remain unvacated, undischarged and unstayed for more than 90 consecutive days, except while being contested in good faith by appropriate proceedings;

(6) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or a decree or order adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Issuer under any applicable federal or state law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of its property or ordering the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(7) the Issuer shall commence a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or consent to the entry of a decree or order for relief in an involuntary case or proceeding under any such law, or to the commencement of any bankruptcy or insolvency case or proceeding against the Issuer, or the filing by the Issuer of a petition or answer or consent seeking reorganization or relief under any such applicable federal or state law, or the consent by the Issuer to the filing of

such petition or to the appointment of or the taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or of any substantial part of its property, or the making by the Issuer of an assignment for the benefit of creditors, or the taking of action by the Issuer in furtherance of any such action;

then and in each and every such case (other than an Event of Default with respect to the Issuer specified in 5.1(f) or 5.1(g) hereof), unless the principal of all of the Securities shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities then Outstanding hereunder, by notice in writing to the Issuer (and to the Trustee if given by Securityholders), may declare the entire principal of all the Securities and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. This provision, however, is subject to the condition that if, at any time after the principal of the Securities shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities and the principal or Change of Control purchase price and premium, if any, of any and all Securities that shall have become due otherwise than by acceleration (with interest upon such principal and Change of Control purchase price and premium, if any, and to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the rate of interest specified in the Securities and Additional Amounts, if any, to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and all other reasonable expenses and liabilities incurred and all reasonable advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and if any

and all Events of Default under the Indenture, other than the non-payment of the principal that shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein, then and in every such case the Holders of a majority in aggregate principal amount of the Securities then Outstanding, by written notice to the Issuer and to the Trustee, may waive all defaults (except, unless theretofore cured, a default in payment of principal of, or Change of Control purchase price or premium, if any, or interest or Additional Amounts, if any, on the Securities) and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

If an Event of Default specified in Section 5.1(f) or 5.1(g) hereof occurs with respect to the Issuer, the principal of and accrued interest and Additional Amounts, if any, on the Security shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholder.

Section 4.10 Collection of Indebtedness by Trustee; Trustee May Prove Debt.

The Issuer covenants that (i) in case default shall be made in the payment of any installment of interest on any of the Securities when such interest shall have become due and payable, and such default shall have continued for a period of 30 days or (ii) in case default shall be made in the payment of all or any part of the principal or Change of Control purchase price, of, or premium, if any, on, any of the Securities when the same shall have become due and payable, whether upon maturity or upon any redemption or by declaration or acceleration or otherwise, then upon demand of the Trustee, the Issuer shall pay to the Trustee for the benefit of the Holders of the Securities the whole amount that then shall have become due and payable on all such Securities of principal, Change of Control purchase price, premium or interest, as the case may be (with interest to the date of such payment upon the overdue principal, Change of Control purchase price or premium and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest at the rate of interest specified in the Securities); and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and any reasonable expenses and liabilities incurred, and all reasonable advances made, by the Trustee and each predecessor Trustee except as a result of its negligence or bad faith.

Until such demand is made by the Trustee, the Issuer may pay the principal and Change of Control purchase price of and premium and interest on the Securities to the registered Holders, whether or not the Securities be overdue.

In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or other obligor upon the Securities and collect in the manner provided by law out of the

property of the Issuer or other obligor upon the Securities, wherever situated, the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings relative to the Issuer or any other obligor upon the Securities under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Securities, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective or whether the Trustee shall have made any demand pursuant to the provisions of this Section 5.2, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(1) to file and prove a claim or claims for the whole amount of principal, Change of Control purchase price, premium and interest owing and unpaid in respect of the Securities, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all reasonable expenses and liabilities incurred, and all reasonable advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders, allowed in any judicial proceedings relative to the Issuer or other obligor upon the Securities, or to the creditors or property of the Issuer or such other obligor;

(2) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of the Securities in any election of a trustee or a standby trustee in any arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or a person performing similar functions in comparable proceedings; and

(3) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Securityholders and of the Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Securityholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other reasonable expenses and liabilities incurred, and all reasonable advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Securityholders any plan or reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding, except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities or the production thereof at any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Securities.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a

party) the Trustee shall be held to represent all the Holders of the Securities, and it shall not be necessary to make any Holders of the Securities parties to any such proceedings.

Section 4.11 Application of Proceeds.

Any moneys collected by the Trustee pursuant to this Article shall be applied in the following order at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or interest, upon presentation of the several Securities and stamping (or otherwise noting) thereon the payment, or issuing Securities in reduced principal amounts in exchange for the presented Securities if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses, including reasonable compensation to the Trustee and each predecessor Trustee and their respective agents, and attorneys and counsel and of all reasonable expenses and liabilities incurred, and all reasonable advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and all other amounts due under Section 6.6 hereof;

SECOND: In case the principal or the Change of Control purchase price and premium, if any, of the Securities shall not have become and be then due and payable, to the payment of interest in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate of interest specified in the Securities, such payments to be made ratably to the persons entitled thereto, without discrimination or preference;

THIRD: In case the principal or Change of Control purchase price of the Securities shall have become and shall be then due and payable, to the payment of the whole amount then owing and unpaid upon all the Securities for principal, Change of Control purchase price and premium, with interest upon the overdue principal, Change of Control purchase price, premium, if any, and (to the extent that such interest has been collected by the Trustee), and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities, then to the payment of such principal, Change of Control purchase price and premium, without preference or priority of principal, Change of Control purchase price or premium over interest, or of interest over principal or Change of Control purchase price, or premium, or of any installment of interest over any other installment of interest, or of any Security over any other Security, ratably to the aggregate of such principal or Change of Control purchase price and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Issuer or any other Person lawfully entitled thereto.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section 5.3.

Section 4.12 Suits for Enforcement.

In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 4.13 Restoration of Rights on Abandonment of Proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Securityholders shall continue as though no such proceedings had been taken.

Section 4.14 Limitations of Suits by Securityholders.

No Holder of any Security shall have any right by virtue or by availing of any provision of this Indenture to institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless such Holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of not less than 25% in aggregate principal amount of the Securities then Outstanding shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for 30 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceedings, and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 5.8 hereof; it being understood and intended, and being expressly covenanted by the taker and Holder of every Security with every other taker and Holder and the Trustee, that no one or more Holders of Securities shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of Securities, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this

Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Securities. For the protection and enforcement of the provisions of this Section 5.6 each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Section 4.15 Powers and Remedies Cumulative, Delay or Omission Not Waiver of Default.

Except as provided in Section 2.5 hereof, no right or remedy herein conferred upon or reserved to the Trustee or to the Securityholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any Holder of any of the Securities to exercise as aforesaid any such right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 5.6 hereof, every power and remedy given by this Indenture or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

Section 4.16 Control by Securityholders.

The Holders of a majority in aggregate principal amount of the Securities at the time Outstanding 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 by this Indenture; provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture; and provided further that (subject to the provisions of Section 6.1 hereof) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, its executive committee, or a trust committee of directors or Responsible Officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or if the Trustee in good faith shall so determine that the actions or forebearances specified in or pursuant to such direction shall be unduly prejudicial to the interests of Holders of the Securities not joining in the giving of said direction, it being understood that (subject to Section 6.1 hereof) the Trustee shall have no duty to ascertain whether or not such actions or forebearances are unduly prejudicial to such Holders.

Nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction by Securityholders.

Section 4.17 Waiver of Past Defaults.

Prior to the declaration of the maturity of the Securities as provided in Section 5.1 hereof, the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding may on behalf of the Holders of all the Securities waive any past default or Event of Default hereunder and its consequences, except a default (a) in the payment of principal or Change of Control purchase price of, or premium, if any, or interest on any of the Securities or (b) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of the Holder of each Security affected. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Securities shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Upon any such waiver, such default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 4.18 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture (including, without limitation, Section 5.6 hereof), the right of any Holder to receive, and to institute suit to enforce, payment of the principal and Change of Control purchase price of, and premium, if any, and interest on the Securities on or after the respective due dates expressed in such Securities (including upon redemption and acceleration of the maturity of the principal of and premium, if any, and interest on the Securities), shall not be affected or impaired, and shall be absolute and unconditional.

ARTICLE 5

CONCERNING THE TRUSTEE

Section 5.1 Duties and Responsibilities of the Trustee; During Default; Prior to Default.

The Trustee, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred, undertakes to perform only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such statements, certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Securities at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.

Section 5.2 Certain Rights of the Trustee.

Subject to Section 6.1 hereof:

(1) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or any other certificate (including, without limitation, any certificate provided to the Trustee pursuant to Section 4.5 hereof), statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon, security or other paper document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed) and any resolution of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Issuer;

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

(4) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred therein or thereby;

(5) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture;

(6) 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, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document unless requested in writing to do so by the Holders of not less than a majority in aggregate principal amount of the Securities then Outstanding; provided that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to making such investigation; the reasonable expenses of every such examination shall be paid by the Issuer, or by the Trustee or any predecessor Trustee and repaid by the Issuer upon demand; and

(7) 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, note, other evidence of indebtedness 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 Issuer, personally or by agent or attorney.

Section 5.3 Trustee Not Responsible for Recitals, Disposition of Securities or Application of Proceeds Thereof.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Issuer or any of the Securities or of the proceeds

thereof.

Section 5.4 Trustee and Agents May Hold Securities; Collections, etc.

The Trustee or any agent of the Issuer or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not the Trustee or such agent and may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or such agent.

Section 5.5 Moneys Held by Trustee.

Subject to the provisions of Section 10.4 hereof, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Neither the Trustee nor any agent of the Issuer or the Trustee shall be under any liability for interest on any moneys received by it hereunder, except as the Issuer and the Trustee otherwise may agree.

Section I.5 Compensation and Indemnification of Trustee and Its Prior Claim.

The Issuer covenants and agrees to pay to the Trustee from time to time as shall be agreed upon between the Issuer and the Trustee in writing from time to time, and the Trustee shall be entitled to reasonable compensation (which shall not be limited by any provision of law relating to the compensation of a trustee of an express trust), and the Issuer covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ), except to the extent any such expense, disbursement or advance may arise from the Trustee's negligence or bad faith. The Issuer also covenants to indemnify the Trustee and each predeces-

sor Trustee for, and to hold it harmless against, any and all loss, liability, damage, claim or expense arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder and the performance of its duties hereunder, including the costs and expenses of defending and investigating any claim or liability in the premises, except to the extent any such loss, liability or expense is due to its own negligence or bad faith. The obligations of the Issuer under this Section 6.6 to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture.

Section 5.6 Right of Trustee to Rely on Officers' Certificate, etc.

Subject to Section 6.1 and Section 6.2 hereof, whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or

suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee.

Section 5.7 Persons Eligible for Appointment as Trustee.

The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or of a state thereof, having a combined capital and surplus of at least $50,000,000, and which is authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal, state or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of a federal, state or District of Columbia supervising or examining authority, then for the purposes of this Section 6.8, 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 on the Securities or Person directly or indirectly controlling, controlled by or under common control with such an obligor shall serve as Trustee.

Section I.6 Resignation and Removal; Appointment of Successor Trustee.

(1) The Trustee may at any time resign by giving written notice of resignation to the Issuer and by mailing notice thereof by first-class mail to Holders of Securities at their last addresses as they shall appear on the Securities Register. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor trustee by written instrument in duplicate, executed by authority of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee. If no such successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the

appointment of a successor trustee, or any Securityholder who has been a bona fide Holder of a Security or Securities for at least six months may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe or appoint a successor trustee.

(2) In case at any time any of the following shall occur:

(1) the Trustee shall cease to be eligible in accordance with the provisions of Section 6.8 hereof and shall fail to resign after written request therefor by the Issuer or by any such Securityholder; or

(2) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver or liquidator 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, the Issuer may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, one copy of which instrument shall be delivered to the Trustee so removed and one copy of which shall be delivered to the successor trustee, or, any Securityholder who has been a bona fide Holder of a Security or Securities 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. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(3) The Holders of a majority in aggregate principal amount of the Securities at the time Outstanding may at any time remove the Trustee and appoint a successor trustee by delivering to the Trustee so removed, to the successor trustee so appointed and to the Issuer the evidence provided for in Section 7.1 hereof of the action in that regard taken by the Securityholders.

(4) Any resignation or removal of the Trustee and any appointment of a successor trustee pursuant to any of the provisions of this Section 6.9 shall become effective only upon acceptance of appointment by the successor trustee as provided in Section 6.10 hereof.

Section 5.8 Acceptance of Appointment by Successor Trustee.

Any successor trustee appointed as provided in Section 6.9 hereof shall execute and deliver to the Issuer and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become

effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Issuer or of the successor trustee, upon payment of its charges then unpaid, the Trustee ceasing to act shall, subject to Section 10.4 hereof, pay over the successor trustee all moneys at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Issuer shall execute appropriate instruments in writing for more fully and certainly vesting in and confirming to such successor such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such Trustee to secure any amounts then due to it pursuant to the provisions of Section 6.6 hereof.

Upon acceptance of appointment by a successor trustee as provided in this Section 6.10, the Issuer shall mail notice thereof by first-class mail to the Holders of Securities at their last addresses as they shall appear in the Securities Register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 6.9 hereof. If the Issuer fails to mail such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Issuer.

Notwithstanding replacement of the Trustee pursuant to this Section 6.10, the Issuer's obligations under Section 6.6 hereof shall continue for the benefit of the retiring Trustee.

Section I.7 Merger, Conversion, Consolidation or Succession to Business of Trustee.

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 the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be eligible under the provisions of Section 6.8 hereof, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated and, in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee, and in such cases such certificate shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the

name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

ARTICLE 6

CONCERNING THE SECURITYHOLDERS

Section I.1 Evidence of Action Taken by Securityholders.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Securityholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Securityholders, in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Proof of execution of any instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1 and Section 6.2 hereof) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Article.

Section I.2 Proof of Execution of Instruments and of Holding of Securities Record Date.

Subject to Section 6.1 and Section 6.2 hereof, the execution of any instrument by a Securityholder or his agent or proxy may be provided in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Securities shall be provided by the Securities Register or by a certificate of the Security Registrar thereof. The Issuer may set a record date for purposes of determining the identity of Holders of Securities entitled to

vote or consent to any action referred to in Section 7.1 hereof, which record date may be set at any time or from time to time by notice to the Trustee for any date or dates (in the case of any adjournment or resolicitation) not more than 60 days nor less than five days prior to the proposed date of such vote or consent, and thereafter, notwithstanding any other provisions hereof, only Holders of Securities of record on such record date shall be entitled to so vote or give such consent or to withdraw such vote or consent.

Section 6.1 Holders to Be Treated as Owners.

The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the Person in whose name any Security shall be registered by the Securities Register as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal and Change of Control purchase price of, and

premium, if any, on and, subject to the provisions of this Indenture, interest on such Security and for all other purposes; and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such Person, or upon his order, shall be valid and to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

Section 6.2 Securities Owned by Issuer Deemed Not Outstanding.

In determining whether the Holders of the requisite aggregate principal amount of Securities have concurred in any direction, consent or waiver under this Indenture, Securities that are owned by the Issuer or any other obligor on the Securities or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any obligor on the Securities shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Securities that the Trustee knows are so owned shall be so disregarded. Securities so owned that 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 Issuer or any other obligor upon the Securities or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities. In case of a dispute as to such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice. Upon request of the Trustee, the Issuer shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Issuer to be owned or held by or for the account of any of the above-described Persons; and, subject to Section 6.1 and Section 6.2 hereof, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are Outstanding for the purpose of any such determination.

Section 6.3 Right of Revocation of Action Taken.

At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.1 hereof, of the taking of any action by the

Holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action, any Holder of a Security the serial number of which is shown by the evidence to be included among the serial numbers of the Securities, the Holders of which have consented to such action may, by filing written notice with the Trustee at the Corporate Trust Office and upon proof of holding as provided in this Article, revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the Holder of any Security shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Security and of any Securities issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon any such Security. Any action taken by the Holders of the percentage in aggregate

principal amount of the Securities specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the Holders of all such Securities.

ARTICLE 7

SUPPLEMENTAL INDENTURES

Section 7.1 Supplemental Indentures Without Consent of Securityholders.

The Issuer, when authorized by a resolution of its Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(1) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities any property or assets;

(2) to evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Issuer pursuant to Article IX hereof;

(3) to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, shall consider to be for the protection of the Holders of Securities, and to make the occurrence, or the occurrence and continuance of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, that in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee due solely to such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities to waive such an Event of Default;

(4) to cure any ambiguity or to cure, correct or supplement any defective provision contained herein or in the Securities, or to make such other provisions in regard to matters or questions arising under this Indenture

or under any supplemental indenture as the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, may deem necessary or desirable, and in any case which the Trustee and the Issuer shall determine (i) are not inconsistent with this Indenture and the Securities and (ii) shall not adversely affect the interests of the Holders of the Securities; and

(5) to modify or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of any other similar federal statute hereafter in effect.

The Trustee is hereby authorized to join in the execution of any such supplemental Indenture, to make any further appropriate agreements and stipulations that may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 8.1 may be executed without the consent of the Holders of any of the Securities at the time Outstanding, notwithstanding any of the provisions of Section 8.2 hereof.

Section 7.2 Supplemental Indentures With Consent of Securityholders.

With the consent (evidenced as provided in Article VII hereof) of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding, the Issuer, when authorized by a resolution of its Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, and the Trustee may, from time to time and at any time, modify this Indenture or any indentures supplemental hereto or the rights of the Holders of the Securities; provided, that no such supplemental indenture shall (a) change the Stated Maturity of the principal of, or any installment of principal of or interest on (including Additional Amounts), any Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable on redemption thereof or upon a Change of Control or impair or affect the right of any Securityholder to institute suit for the payment thereof or make any change to Section 4.10 hereof that adversely affects the rights of the Holders of the Securities, in each case without the consent of the Holder of each Security so affected, or (b) without the consent of the Holders of all Securities then Outstanding, (i) reduce the aforesaid percentage of Securities, the consent of the Holders of which is required for any such modification, or the percentage of Securities, the consent of the Holders of which is required for any waiver provided for in this Indenture, (ii) change any obligation of the Issuer to maintain an office or agency in the places and for the purposes specified in Section 4.2 or (iii) make any change in Section 5.9 or this Section 8.2, except to increase any percentages or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holders of each Outstanding Security affected thereby.

Upon the request of the Issuer, accompanied by a copy of a resolution of the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, certified by the Secretary or an

Assistant Secretary of the Issuer authorizing the execution

of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders and other documents, if any, required by Section 7.1 hereof, the Trustee shall join with the Issuer in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 8.2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to the provisions of this Section 8.2, the Issuer shall mail a notice thereof by first-class mail to the Holders of Securities at their addresses as they shall appear on the Securities Register, setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 7.3 Effect of Supplemental Indenture.

Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Issuer and the Holders of Securities shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section I.3 Documents to Be Given to Trustee.

The Trustee, subject to the provisions of Section 6.1 and Section 6.2 hereof, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such supplemental indenture complies with the applicable provisions of this Indenture.

Section 7.4 Notation of Securities in Respect of Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article VIII may bear a notation in form approved by the Trustee as to any matters provided for by such supplemental indenture. If the Issuer or the Trustee shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors or any committee of such Board duly authorized to act on behalf of such Board, to any modification of this Indenture contained in any such supplemental

indenture may be prepared by the Issuer, authenticated by the Trustee and delivered in exchange for the Securities then Outstanding.

ARTICLE 8

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 8.1 Covenant Not to Merge, Consolidate, Sell or Transfer Assets Except Under Certain Conditions.

(1) The Issuer shall not consolidate with or merge into any other Person, or sell, convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Issuer shall not permit any Person to consolidate with or merge into the Issuer, unless: (i) immediately prior to and immediately following such consolidation, merger, sale or lease, no Event of Default shall have occurred and be continuing and (ii) the Issuer is the surviving or continuing corporation, or the surviving or continuing corporation or the corporation that acquires by sale, conveyance, transfer or lease is incorporated in the United States of America or Canada and expressly assumes the payment and performance of all obligations of the Issuer under the Indenture and the Securities.

(2) Except for the sale of the properties and assets of the Issuer substantially as an entirety pursuant to subsection (a) above, and other than assets required to be sold to conform with governmental regulations, the Issuer shall not sell or otherwise dispose of any assets (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other asset sales) if on a pro forma basis, the aggregate net book value of all such sales during the most recent 12-month period would exceed 10 percent of Consolidated Net Tangible Assets computed as of the end of the most recent fiscal quarter preceding such sale; provided, however, that any such sales shall be disregarded for purposes of computing such 10 percent Consolidated Net Tangible Assets if the proceeds are invested in assets in similar or related lines of business of the Issuer; and, provided further, that the Issuer may sell or otherwise dispose of assets in excess of such 10 percent of Consolidated Net Tangible Assets if the proceeds from such sales or dispositions, which are not reinvested as provided above, are retained by the Issuer as cash or cash equivalents or are used by the Issuer to purchase Securities, 1996 Senior Notes, 1997 Senior Notes, 1999 Senior Notes or 1999 ROARS which are then delivered to the Trustee for cancellation or are used to reduce or retire Indebtedness ranking pari passu in right of payment to the Securities.

(3) In the event that any such successor entity is organized under the laws of or is managed or controlled or has a place of business in a jurisdiction located outside of a Taxing Jurisdiction and withholding or deduction is required by law for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within such other jurisdiction or by or within any

political subdivision thereof or any authority therein or thereof having power to tax, the successor entity shall pay to the relevant Holder of the Securities Additional Amounts, under the same circumstances and subject to the same limitations as are specified for in Section 4.9 hereof, but substituting for the applicable Taxing Jurisdiction in each place the name of such jurisdiction. In addition, such successor entity shall be entitled to effect an optional tax redemption under the same circumstances and subject to the same limitations as are set forth in Section 3.6(d) hereof, but substituting for the applicable Taxing Jurisdiction in each place the name of such other jurisdiction under the laws of which such successor entity is organized, managed and controlled or has a place of business and substituting the date of such succession for the date of original issuance of the Securities.

Section 8.2 Successor Corporation Substituted.

In case of any such consolidation, merger, sale or transfer, and following such an assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Issuer, with the same effect as if it had been named Issuer herein.

Such successor corporation may cause to be signed, and may issue, either in its own name or in the name of the Issuer prior to such succession, any or all of the Securities issuable hereunder that theretofore shall not have been signed by the Issuer and delivered to the Trustee; and, upon the order of such successor corporation, instead of the Issuer, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities that previously shall have been signed and delivered by the officers of the Issuer to the Trustee for authentication and any Securities that such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale or transfer such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

In the event of any such sale or transfer (other than a transfer by way of lease) the Issuer or any successor corporation which shall theretofore have become such in the manner described in this Article IX shall be discharged from all obligations and covenants under this Indenture.

Section 8.3 Opinion of Counsel to Trustee; Officers' Certificate.

The Trustee, subject to the provisions of Section 6.1 and Section 6.2 hereof, shall be entitled to receive and rely upon an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or transfer, and any such assump-

tion, and any such liquidation or dissolution, complies with the applicable provisions of this Indenture.

ARTICLE 9

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 9.1 Satisfaction and Discharge of Indenture.

If at any time (a) the Issuer shall have paid or caused to be paid the principal and Change of Control purchase price of and premium, if any, and interest on all the Securities Outstanding hereunder, as and when the same shall have become due and payable, or (b) the Issuer shall have delivered to the Trustee for cancellation all Securities theretofore authenticated (other than any Securities which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.7 hereof), or (c)(i) all such Securities not theretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (ii) the Issuer shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds the entire amount in cash (other than moneys repaid by the Trustee or any paying agent to the Issuer in accordance with Section 10.4 hereof) or U.S. Government Obligations, maturing as to principal, premium, if any, and interest in such amounts and at such times as will insure (without reinvestment) the availability of cash sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay at maturity all such Securities not theretofore delivered to the Trustee for cancellation, including principal, premium, if any, and interest due or to become due to such date of maturity as the case may be, and if, in any such case, the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then this Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange, and the Issuer's right to optional redemption, (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Securities, (iii) rights of Holders to receive payments of principal thereof (including any Change of Control purchase price previously accrued) and premium, if any, and interest or Additional Amounts, if any, thereon, upon the original stated due dates therefor (but not upon acceleration), (iv) the rights and obligations and immunities of the Trustee hereunder and (v) the rights of the Securityholders as beneficiaries hereof with respect to the moneys so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Issuer, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture; provided that the rights of Holders of the Securities to receive amounts in respect of principal of and premium, if any, and interest or the Securities held by them shall not be delayed longer than

required by then applicable mandatory rules or policies of any securities exchange upon which the Securities may be listed.

The Issuer agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Securities.

Section 9.2 Application by Trustee of Funds Deposited for Payment of Securities.

Subject to Section 10.4 hereof, all moneys deposited with the Trustee pursuant to Section 10.1 hereof shall be held in trust and applied, by

it to the payment, either directly or through any paying agent (including the Issuer acting as its own paying agent), to the Holders of the particular Securities for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal, and Change of Control purchase price, premium, if any, interest and Additional Amounts, if any; but such money need not be segregated from other funds except to the extent required by law.

Section 9.3 Repayment of Moneys Held by Paying Agent.

In connection with the satisfaction and discharge of this Indenture all moneys then held by any paying agent under the provisions of this Indenture shall, upon demand of the Issuer, be repaid to it or paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

Section 9.4 Return of Moneys Held by Trustee and Paying Agent Unclaimed for Two Years.

Any moneys deposited with or paid to the Trustee or any paying agent for the payment of the principal or Change of Control purchase price of or premium or interest on any Security and not applied but remaining unclaimed for two years after the date upon which such principal, Change of Control purchase price, premium or interest shall have become due and payable shall, upon the written request of the Issuer, be repaid to the Issuer by the Trustee or such paying agent, and the Holder of such Security shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such Holder may be entitled to collect, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease.

Section 9.5 Defeasance and Discharge of Indenture.

The Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Securities, on the 123rd day after the deposit referred to in subpara-

graph (A) hereof has been made, and the provisions of this Indenture will no longer be in effect with respect to the Securities (and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging the same), except as to:

(1) rights of registration of transfer and exchange, and the Issuer's right of optional redemption, (b) substitution of apparently mutilated, defaced, destroyed, lost or stolen Securities, (c) rights of Holders to receive payments of principal (including rights to receive any Change of Control purchase price previously accrued) thereof and premium, if any, and interest thereon, (d) the rights, obligations and immunities of the Trust hereunder, (e) the rights of the Securityholders as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them and (f) the obligations of the Issuer to maintain a place of payment for the Securities under Section 4.1 hereof; provided that the following conditions shall have been satisfied:

(A) with reference to this Section 10.5 the Issuer has irrevocably deposited or caused to be irrevocably deposited with the Trustee (or another trustee satisfying the requirements of Section 6.8 hereof) as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities, (i) money in an amount, or (ii)

U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms (without reinvestment) will provide not later than one day before the due date of any payment referred to in clause (x) or (y) of this subparagraph (A) money in an amount, or (iii) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, after payment of all federal, state and local taxes or other charges and assessments in respect thereof payable by the Trustee, (x) the principal and Change of Control purchase price previously accrued of, premium, if any, and each installment of principal and interest (including any Additional Amounts then known), the Outstanding Securities at the maturity date of such principal or installment of principal or interest and (y) any mandatory sinking fund payments or analogous payments applicable to the Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and the Securities;

(B) the Issuer has delivered to the Trustee (i) an Opinion of Counsel to the effect that Holders will not recognize income, gain or loss for federal income tax purposes as a result of the Issuer's exercise of its option under this Section 10.5 and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred, which Opinion of Counsel must be based on (x) a change in applicable federal income tax law or related Treasury Regulations after the date of this Indenture or (y) a ruling received by the Issuer from the Internal Revenue Service to the same effect and (ii) an Opinion of Counsel to the effect that the defeasance trust does not constitute an "investment company" under the Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund

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will not be subject to the effect of Section 547 of the U.S. Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(C) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 123rd day after the date of such deposit, and such deposit shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer is a party or by which the Issuer is bound; and

(D) if at such time the Securities are listed on a national securities exchange, the Issuer has delivered to the Trustee an Opinion of Counsel to the effect that the Securities will not be delisted as a result of such deposit, defeasance and discharge.

Section 9.6 Defeasance of Certain Obligations.

The Issuer may omit to comply with any term, provision, or condition set forth in this Indenture in Sections 4.8 and 4.10 and Section 5.1(d) (with respect to Sections 4.8 and 4.10) and Sections 5.1(c) and (e) shall be deemed not to be Events of Default on the 123rd day after the deposit referred to in subparagraph (A) hereof if:

(A) with reference to this Section 10.6, the Issuer has irrevocably deposited or caused to be irrevocably deposited with the Trustee (or another trustee satisfying the requirements of Section 6.6 hereof) as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities, (i) money in an amount, or (ii) U.S. Government Obligations which bought the payment of interest and principal

in respect thereof in accordance with their terms (without reinvestment) will provide not later than one day before the due date of any payment referred to in this Section 10.6, money in an amount, or (iii) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a certification thereof delivered to the Trustee, to pay and discharge, after payment of all federal, state and local taxes or other charges and assessments in respect thereof payable by the Trustee, the principal and Change of Control purchase price of, premium, if any, and interest on (including any Additional Amounts then known) in respect of the Outstanding Securities on the dates such payments are due in accordance with the terms of this Indenture and the Securities;

(B) the Issuer has delivered to the Trustee (i) an Opinion of Counsel to the effect that Holders will not recognize income, gain or loss for federal income tax purposes as a result of the Issuer's exercise of its option under this Section 10.6 and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred, and (ii) an Opinion of Counsel to the effect that the defeasance trust does not constitute an "investment company" under the Investment Company Act of 1940, as amended, and after the passage

of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the U.S. Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(C) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 123rd day after the date of such deposit, and such deposit shall not result in a breach or violation of or constitute a default under any other agreement or instrument to which the Issuer is a party or by which the Issuer is bound; and

(D) if at such time the Securities are listed on a national securities exchange, the Issuer has delivered to the Trustee an Opinion of Counsel to the effect that the Securities will not be delisted as a result of such deposit, defeasance and discharge.

ARTICLE 10

MISCELLANEOUS PROVISIONS

Section I.1 Incorporators, Shareholders, Officers and Directors of Issuer Exempt from Individual Liability.

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such, or against any past, present or future shareholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities by the Holders thereof and as part of the consideration for the issue of the Securities.

Section 10.1 Provisions of the Indenture for the Sole Benefit of Parties and Securityholders.

Nothing in this Indenture or in the Securities, expressed or implied, shall give or be construed to give to any Person, other than the parties hereto and their successors and the Holders (and, where expressly set forth herein, owners of interests in any Global Security), any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and the Holders (and, where expressly set forth herein, owners of interests in any Global Security).

Section 10.2 Successors and Assigns of Issuer Bound by Indenture.

All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Issuer shall bind its successors and assigns, whether so expressed or not.

Section I.2 Notices and Demands on Issuer, Trustee and Securityholders.

Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on the Issuer may be given or served by being deposited postage prepaid, first-class mail (except as otherwise specifically provided herein) addressed (until another address of the Issuer is filed by the Issuer with the Trustee) to NRG Energy, Inc., 1221 Nicollet Mall, Suite 700, Minneapolis, Minnesota 55403, Attention: Chief Financial Officer. Any notice, direction, request or demand by the Issuer or any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made to the Corporate Trust Office or such office or agency designated for such purpose in Section 4.2 hereof.

Where this Indenture provides for notice to Holders, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder entitled thereto, at his last address as it appears in the Securities Register. 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.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impracticable to mail notice to the Issuer and Securityholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of Bearer Securities of any event and the rules of any securities exchange on which such Bearer Securities are listed so require, such notice shall be sufficiently given to Holders of such Bearer Securities if published in such newspaper or newspapers as may be specified in such Securities on a Business Day at least twice, the first such publication to be not earlier than the earliest date, and not later than the latest date,

prescribed for the giving of such notice. Any such notice by publication shall be deemed to have been given on the date of the first such publication. In addition, notice to the Holder of any Global Bearer Security shall be given by mail in the manner provided above.

If by reason of any cause it shall be impracticable to publish any notice to Holders of Bearer Securities as provided above, then such notification to Holders of Bearer Securities as shall be given with the approval of the Trustee shall constitute sufficient notice to such Holders

for every purpose hereunder. Neither the failure to give notice by publication to Holders of Bearer Securities as provided above, nor any defect in any notice so published, shall affect the sufficiency of such notice with respect to other Holders of Bearer Securities or the sufficiency of any notice to Holders of Registered Securities given as provided herein.

Any request, demand, authorization, direction, notice, consent, waiver or Act required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

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.

Section 10.3 Rule 144A Information.

So long as the Securities are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer shall furnish to holders thereof and to prospective purchasers thereof designated by such holders, upon request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, unless such information is contained, at the time of such request, in documents filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

Section I.3 Officers' Certificates and Opinions of Counsel, Statements to Be Contained Therein.

Upon any application or demand by the Issuer to the Trustee to take any action under any of the provisions of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent 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 have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the Person making such certificate or opinion has read such covenant or condition, (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 such Person, 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 or not, in the opinion of such Person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the Issuer 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, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or Opinion of Counsel may be based, insofar as it relates to factual matters (information with respect to which is in the possession of the Issuer) upon the certificate, statement or opinion of or representations by an officer or officers of the Issuer, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate, statement or opinion of an officer of the Issuer or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an accountant or firm of accountants in the employ of the Issuer, unless such officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate or opinion of any independent firm of public accountants or Investment Banker filed with the Trustee shall contain a statement that such firm is independent.

Section 10.4 Payments Due on Saturdays, Sundays and Holidays.

If the date of maturity of interest on or principal, Change of Control purchase price, or premium, if any, of the Securities or the date fixed for redemption of any Security shall not be a Business Day, then payment of interest, principal, Change of Control purchase price, or premium need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 10.5 New York Law to Govern.

THIS INDENTURE SHALL, PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO THE CHOICE OF LAW PROVISIONS THEREOF (OTHER THAN SUCH SECTION 5-1401).

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Section 10.6 Consent to Jurisdiction.

The Issuer irrevocably consents and agrees, for the benefit of the Holders from time to time of the Securities and the Trustee, that any civil legal action, suit or proceeding against it with respect to its obligations, liabilities or any other matter arising out of or in connection with this Indenture or the Securities may be brought in the Supreme Court of New York, New York County or the United States District Court for the Southern District of New York and any appellate court from either thereof and, until amounts due and to become due in respect of the Securities have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court in personam, generally and unconditionally with respect to any legal action, suit or proceeding for itself and in respect of its properties, assets and revenues and agrees to file such consents with such authorities as may be required to irrevocably evidence such agreement. The Issuer irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Indenture brought in the Supreme Court of New York, New York County or the United States District Court for the Southern District of New York and any appellate court from either thereof and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section I.4 Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same agreement.

Section I.5 Effect of Headings.

The Article and Section Headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of March 20, 2000.

NRG ENERGY, INC.,
as Issuer

By: /s/ Brian B. Bird

Name: Brian B. Bird

Title: Treasurer

Attest:

By:

Name:
Title:

THE BANK OF NEW YORK,
as Trustee

By: /s/ Ming J. Shiang

Name: Ming J. Shiang
Title: Vice President

EXHIBIT A

NRG ENERGY, INC.
Reset Senior Notes Due March 15, 2020

No. pound sterling 160,000,000*
CUSIP No.

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH NRG, ENERGY, INC. (THE "COMPANY") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE CERTIFICATES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT

TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT UPON THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE TRUSTEE AND THE COMPANY OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT UPON THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE TRUSTEE AND THE COMPANY, SUBJECT IN EACH OF THE FOREGOING CASES, TO A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY BEING COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

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* Reference is made to (i) Schedule A attached hereto with respect to decreases and increases in the aggregate principal amount of Securities evidenced by this certificate and (ii) the other provisions of this Security providing for the conversion to a US Dollar-denominated Security.

NRG ENERGY, INC.

Reset Senior Notes Due March 15, 2020

NRG ENERGY, INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to the bearer upon surrender hereof, the principal sum of pound sterling 160,000,000 on March 15, 2020, and to pay interest thereon at the rate or rates per annum described herein from March 15, 2000, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on March 15 and September 15 in each year, commencing September 15, 2000, to the Initial Reset Date and thereafter subject to the terms and conditions set forth herein, at the interest rate or rates determined by the Remarketing Agent in accordance with the procedures set forth on the reverse hereof until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the bearer on such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the bearer on such Interest Payment Date and will be paid to the bearer hereof at the time of payment of such Defaulted Interest or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless a Conversion Event shall have occurred, the rate of interest

payable from time to time through the Initial Reset Date in respect of this Security is 7.97%.

The Interest Amount outstanding at the end of the relevant Interest Accural Period shall be determined on the basis of a 360-day year consisting of twelve 30-day months; provided however, that in the event of a Swap Termination Event, other than a Swap Termination Event caused by a Conversion Event, an Optional Tax Redemption, or the repurchase of 100% of the Securities pursuant to a Change of Control, the Interest Amount shall be determined by (i) applying the rate of interest to the principal amount of the outstanding Securities and (ii) multiplying that amount by the actual number of days in such Interest Accrual Period divided by 365 (or if such Interest Accrual Period ends after February 28 in a leap year, 366) expressed as a decimal and rounded upward if necessary to the nearest 1/16th of 1%.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, relating to the interest reset and remarketing mechanics of this Security after the Initial Reset Date.

The Trustee shall make Sterling-denominated payments on the Senior Notes through a London-based account of the Trustee.

All payments of principal and the Change of Control purchase price of, and premium, if any, and interest in respect of this Security shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Taxing Jurisdiction or by or within any political subdivision thereof or any authority therein or thereof having power to impose Gross-Up Taxes, unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Issuer shall pay to the Holder such Additional Amounts in respect of such withholding or reduction as are necessary so that the Holder receives the amount that would have been due in the absence of such Additional Amounts, except that no such Additional Amounts shall be payable:

(i) to, or to a Person on behalf of, a Holder who is liable for such Gross-Up Taxes in respect of this Security by reason of such Holder or the beneficial owner of this Security having some connection with the relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, such Taxing Jurisdiction) other than the mere holding of this Security or the receipt of principal of, or premium, if any, or interest in respect of, this Security;

(ii) to, or to a Person on behalf of, a Holder who presents this Security (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to

such Additional Amounts on presenting this Security for payment on the last day of such period of 30 days;

(iii) to, or to a Person on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of nonresidence or similar claim for exemption to the relevant taxing authority; or

(iv) in respect of any estate, asset, inheritance, gift, transfer or sales tax that is imposed or withheld.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Security (or any interest therein) been the Holder of the Security, such owner would not have been entitled to payment of Additional Amounts by reason of any one or more of clauses (a) through (d) above. If the Issuer shall determine that Additional Amounts will not be payable because of the immediately preceding sentence, the Issuer will inform such Holder promptly after making such determination setting forth the reason(s) therefor.

References to the payment of principal and the Change of Control purchase price of, and premium or interest in respect of, this Security shall be deemed to include any Additional Amounts which may be payable as set forth in the Indenture or in this Security.

The Company shall furnish to the Trustee the official receipts (or a certified copy of the official receipts) evidencing payment of the Gross-Up Taxes. Copies of such receipts shall be made available to the Holder of this Security upon request.

All notices regarding the Securities shall be published in a leading English language daily newspaper of general circulation in New York and London.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY 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 referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by an authorized signatory of the Company.

NRG ENERGY, INC.

By: _____
Authorized Officer

Dated:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities issued under the Indenture described herein.

THE BANK OF NEW YORK,
as Trustee

By: _____
Authorized Signatory

[Form of Reverse of Security]

This Security is one of a duly authorized issue of securities of the Company. The Securities are limited to the aggregate principal amount of pound sterling 160,000,000, issued under the Indenture, dated as of March 15, 2000, between the Company and The Bank of New York, as the Trustee, to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered.

Certain provisions with respect to the interest rate reset procedures for the Securities after the Initial Reset Date set forth below are contained in the Remarketing Agreement between the Company and Banc of America Securities LLC, as the Remarketing Agent.

In accordance with the procedures established in the Remarketing Agreement and subject to Section 3.4 of the Indenture, the interest rate in effect with respect to the Securities immediately prior to the Initial Reset Date shall be reset on the Initial Reset Date to equal the Interest Rate to Maturity, which shall be effective from and including the Initial Reset Date to but excluding the final maturity of the Securities, unless the Company shall exercise the Floating Rate Option in accordance with the provisions herein. If the Company shall have so exercised the Floating Rate Option, then the Floating Period Interest Rate shall be reset in accordance with the Remarketing Agreement on the Reset Date corresponding to the Floating Rate Period Termination Date to equal the Interest Rate to Maturity, which shall be effective from and including such Reset Date to but excluding the final maturity of the Securities.

During the period from and including the Fixed Rate Reset Date to but excluding the final maturity of the Securities, interest on the Securities shall accrue on the principal amount of the Securities at the Interest Rate to

Maturity and shall be payable semi-annually on each Interest Payment Date, commencing with the first such Interest Payment Date following the Fixed Rate Reset Date; provided, however, that, if any such Interest Payment Date is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay). Interest on the Securities from the Fixed Rate Reset Date shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

In accordance with procedures established in the Remarketing Agreement and subject to Section 3.4 of the Indenture, if the Company exercises the Floating Rate Option no later than the fifth Business Day prior to the Floating Rate Spread Determination Date by providing notice to the Trustee and Remarketing Agent, then the Securities shall bear interest at the Floating Period Interest Rate for each Floating Rate Reset Period in the Floating Rate Period.

During each Floating Rate Reset Period in the Floating Rate Period, interest on the Securities shall accrue on the principal amount of the Securities at the Floating Period Interest Rate for such Floating Rate Period and shall be payable quarterly on each Interest

Payment Date, commencing with the first such Interest Payment Date following the Initial Reset Date. The Interest Amount for such Floating Rate Reset Period shall be determined by (A) applying the Floating Period Interest Rate for such Floating Rate Reset Period to the Floating Rate Purchase Price and (B) multiplying that amount by the actual number of days in such Floating Rate Reset Period divided by 365 (or, if such Floating Rate Reset Period ends in a leap year, 366) expressed as a decimal and rounded upward if necessary to the nearest 1/16th of 1%.

If the Callholder shall have purchased the Securities pursuant to the Call Option Agreement and the Company shall have elected the Floating Rate Option, the Securities shall be automatically tendered, or deemed tendered, by the Holders thereof to the Remarketing Agent for purchase on the Floating Rate Period Termination Date. On the Reset Date corresponding to the Floating Rate Period Termination Date, the interest rate on the Securities shall be reset to equal the Interest Rate to Maturity in accordance with, and the Securities shall be remarketed pursuant to, the Remarketing Agreement.

The purchase price for the Securities tendered pursuant to the paragraph above shall be equal to 100% of the Floating Rate Purchase Price plus accrued and unpaid interest, if any, thereon to but excluding the Floating Rate Period Termination Date. If for any reason the Remarketing Agent does not purchase all of the Securities on the Floating Rate Period Termination Date, the Company shall be required to redeem the Securities at a redemption price equal 100% of the Floating Rate Purchase Price plus accrued and unpaid interest, if any, thereon to but excluding the Floating Rate Period Termination Date. If the Remarketing Agent elects to purchase the Securities, such obligation of the Remarketing Agent is subject to the conditions set forth in the Remarketing Agreement.

In the event that the Callholder (i) has not given notice on or before February 15, 2005 of its intention to exercise the call option under the Call Option Agreement or (ii) fails to pay on or before the Business Day next preceding the Initial Reset Date the call price required under the Call Option Agreement, the Company shall redeem on the Initial Reset Date, in whole but not in part, the Securities at a redemption price equal to 100% of the aggregate principal amount of the Securities plus accrued and unpaid interest thereon to but excluding the Initial Reset Date, upon written notice by 5:00 p.m. London

time on the Business Day next preceding Initial Reset Date from the Trustee, as holder of the Securities.

Any such written notice given by the Trustee, as holder of the Securities, shall be irrevocable; provided, however, that if prior to the Early Redemption Date an Event of Default shall have occurred and be continuing, such holder, at its option, may elect by written notice to the Company, to withdraw such instruction and instead to declare the Securities to be due and payable pursuant to Section 5.1 of the Indenture.

If the Callholder shall have purchased the Securities pursuant to the Call Option Agreement and the Company shall have elected the Floating Rate Option, the Company shall be required to redeem the Securities, in whole but not in part, on any Reset Date following the

Initial Reset Date at a redemption price equal to the Floating Rate Purchase Price plus accrued and unpaid interest, if any, thereon to but excluding such Reset Date in the event that (i) the Remarketing Agent for any reason does not notify the Company of the Floating Period Interest Rate for the Floating Rate Reset Period beginning on such Reset Date by 4:00 p.m. (London time) on such Reset Date or of the Interest Rate to Maturity by 4:00 p.m., (London time) on the Fixed Rate Determination Date, as applicable, (ii) prior to any such Reset Date, the Remarketing Agent resigns and no successor has been appointed on or before such Reset Date or the Fixed Rate Determination Date, as applicable, (iii) the Remarketing Agent elects to terminate the Remarketing Agreement in accordance with its terms, (iv) the Remarketing Agent for any reason does not elect (by notice to the Company and the Trustee not later than the Fixed Rate Determination Date) to purchase the Securities for remarketing on the Floating Rate Period Termination Date, (v) the Remarketing Agent for any reason does not deliver the purchase price of the Securities to or through DTC on or before the Floating Rate Period Termination Date or (vi) the Company for any reason fails to redeem the Securities from the Remarketing Agent as provided in the Remarketing Agreement following the Company's election to effect such redemption as set forth in paragraph (c) of Section 3.6 of the Indenture.

If the Callholder shall have purchased the Securities pursuant to the Call Option Agreement and the Company shall have elected the Floating Rate Option, the Company shall notify the Callholder, the Remarketing Agent and the Trustee, not later than the Business Day immediately preceding the Floating Rate Period Termination Date, if the Company irrevocably elects to exercise its right to redeem the Senior Notes, in whole but not in part, from the Remarketing Agent on the Floating Rate Period Termination Date. If the Company elects to redeem the Securities, the Company shall redeem the Securities in whole at a redemption price equal to the Floating Rate Purchase Price plus accrued and unpaid interest, if any thereon to but excluding the Floating Rate Period Termination Date.

The tender and settlement procedures set forth above, including provisions for payment by purchasers of the Securities to any remarketing agent or for payment of the Securities, may be modified to the extent required to facilitate the tender and remarketing of the Securities at the time of the remarketing. In addition, the Remarketing Agent may, without the consent of holders of the Securities, modify the tender and settlement procedures specified above in order to facilitate the tender and settlement process.

Unless the Company defaults in payment of the redemption price, from and after a redemption date the Securities or portions thereof called for redemption will cease to bear interest, and the Holders thereof will have no right in respect of such Securities except the right to receive the redemption price thereof.

The Indenture contains provisions for defeasance of (a) the entire indebtedness of the Securities and (b) certain restrictive covenants upon compliance by the Company with certain conditions set forth therein.

If an Event of Default with respect to the Securities shall occur and be continuing, the principal of the Securities may be declared due and payable in the manner and with the effect provided in the Indenture. At any time after such declaration of acceleration with respect to the Securities has been made, but before a judgment or decree for payment of money has been obtained by the Trustee as provided in the Indenture, if all Events of Default with respect to the Securities have been cured or waived (other than the non-payment of principal of the Securities which has become due solely by reason of such declaration of acceleration), then the Holders of a majority in aggregate principal amount of Securities then outstanding may waive all defaults, as provided in the Indenture, and rescind and annul such declaration of acceleration and its consequences.

This Security is subject to redemption in whole but not in part upon the giving of notice as provided in the Indenture, at a price equal to the outstanding principal amount thereof, together with Additional Amounts, if any, and accrued interest, if any, to the Redemption Date if, (a) the Company satisfies the Trustee prior to the giving of such notice that it has or will become obligated to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of a Taxing Jurisdiction, or any change in the application or interpretation of such laws or regulations, which change or amendment becomes effective on or after March 15, 2000, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it, subject, as provided in the Indenture, to the delivery by the Company of an Officers' Certificate stating that such obligation to pay Additional Amounts cannot be avoided by the Company taking reasonable measures available to it.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the Indenture or any supplemental indenture or the rights and obligations of the Company and the rights of the Holders of the Securities to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding to be affected (voting as a class). The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security 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 Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and premium, if any, and interest in respect of this Security at the times, place and rate, and in the coin or currency, herein prescribed.

In the event of a Change of Control, the Issuer has the obligation, subject to certain conditions, (i) prior to the Initial Reset Date, to offer to repurchase the Securities at a purchase price in Sterling equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of repurchase, plus a payment in U.S. Dollars equal to 1% of the principal amount of Certificates to be repurchased pursuant to a Change of Control Offer in accordance with the Trust Agreement; (ii) after the Initial Reset Date, to repurchase the Securities at 101% of the principal amount thereof plus accrued interest to the date of repurchase in accordance with the procedures set forth in the Indenture; and (iii) prior to the Initial Reset Date, but after a Conversion Event, to offer to repurchase the Securities at 101% of the principal amount thereof plus accrued interest to the date of repurchase in accordance with the procedures set forth in the Indenture. As further described in the Indenture, a Change of Control will not be deemed to have occurred if, after giving effect thereto, the Securities are rated Investment Grade.

The bearer of this Security shall be treated as the owner of it for all purposes, subject to the terms of the Indenture. As provided in the Indenture and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

When a successor assumes all the obligations of its predecessor under the Securities and the Indenture in accordance with the terms of the Indenture, the predecessor will be released from those obligations.

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

No stockholder, director, officer, employee, incorporator or Affiliate of the Company shall have any liability for any obligation of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of the Securities by accepting the Securities waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities.

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on this Security.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company will cause CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the

accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

This Security shall be governed by and construed in accordance with the law of the State of New York.

SCHEDULE A

SCHEDULE OF ADJUSTMENTS

The initial aggregate principal amount of Securities evidenced by the Certificate to which this Schedule is attached is _____. The notations on the following table evidence decreases and increases in the aggregate principal amount of Securities evidenced by such Certificate.

Date of Adjustment	Decrease in Aggregate Principal Securities	Increase in Aggregate Principal Amount of Securities	Aggregate Principal Amount of Securities Remaining After Such Decrease or Increase	Notation by Security Registrar

FORM OF ASSIGNMENT

I or we assign and transfer this Security to:

(Print or type name, address and zip code of assignee)

(Insert assignee's social security or tax I.D. number)

and irrevocably appoint:

Agent to transfer this Security on the books of the Issuer. The Agent may substitute another to act for him.

Date: Your Signature:

(Sign exactly as your name appears exactly on the other side of this Security)

*Signature Guarantee:

FORM OF OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have this Security purchased by the Issuer pursuant to Section 4.10 of the Indenture, check the Box: [insert [_]].

If you wish to have a portion of this Security purchased by the Issuer pursuant to Section 4.10 of the Indenture, state the amount (in original principal amount):

$----------

Your Signature:

Date:

(Sign exactly as your name appears on the other side of this Security)

*Signature Guarantee

ARTICLE 11

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*Signatures must be guaranteed by an "eligible guarantor institution"

meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Indenture and the Securities Exchange Act of 1934.

EXHIBIT 10.36

364-DAY REVOLVING CREDIT AGREEMENT

DATED AS OF

MARCH 10, 2000

AMONG

NRG ENERGY, INC.

THE FINANCIAL INSTITUTIONS PARTY HERETO,

AND

ABN AMRO BANK N.V.

AS AGENT

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364-DAY REVOLVING CREDIT AGREEMENT

364-DAY REVOLVING CREDIT AGREEMENT, dated as of March 10, 2000 among NRG Energy, Inc., a Delaware corporation (the "Borrower"), the financial institutions from time to time party hereto (each a "Bank," and collectively the "Banks") and ABN AMRO Bank N.V. in its capacity as agent for the Banks hereunder (in such capacity, the "Agent").

WITNESSETH THAT:

WHEREAS, the Borrower desires to obtain the several commitments of the Banks to make available a revolving credit for loans (the "Revolving Credit"), as described herein; and

WHEREAS, the Banks are willing to extend such commitments subject to all of the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth;

NOW, THEREFORE, in consideration of the recitals set forth above and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1 Definitions. The following terms when used herein have the following meanings:

"Adjusted LIBOR" is defined in Section 2.3(b) hereof.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with their correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event for purposes of this definition: (i) any Person which owns directly or indirectly 5% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 5% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person; and (ii) each director and executive officer of the Borrower or any Subsidiary shall be deemed an Affiliate of the Borrower and each Subsidiary.

"Agent" is defined in the first paragraph of this Agreement and includes any successor Agent pursuant to Section 10.7 hereof.

"Agreement" means this 364-Day Revolving Credit Agreement, including

all Exhibits and Schedules hereto, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Applicable Margin" means, at any time (i) with respect to Base Rate Loans, the Base Rate Margin and (ii) with respect to Eurocurrency Loans, the Eurocurrency Margin.

"Applicable Telerate Page" is defined in Section 2.3(b) hereof.

"Authorized Representative" means those persons shown on the list of officers provided by the Borrower pursuant to Section 6.1(e) hereof, or on any updated such list provided by the Borrower to the Agent, or any further or different officer of the Borrower so named by any Authorized Representative of the Borrower in a written notice to the Agent.

"Bank" is defined in the first paragraph of this Agreement.

"Base Rate" is defined in Section 2.3(a) hereof.

"Base Rate Loan" means a Loan bearing interest prior to maturity at a rate specified in Section 2.3(a) hereof.

"Base Rate Margin" means the percentage set forth in Schedule 1 hereto beside the then applicable Rating.

"Borrower" is defined in the first paragraph of this Agreement.

"Borrowing" means the total of Loans of a single type advanced, continued for an additional Interest Period, or converted from a different type into such type by the Banks on a single date and for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Banks according to their Percentages. A Borrowing is "advanced" on the day Banks advance funds comprising such Borrowing to the Borrower, is "continued" on the date a new Interest Period for the same type of Loan commences for such Borrowing, and is "converted" when such Borrowing is changed from one type of Loan to the other, all as requested by the Borrower pursuant to Section 2.5(a).

"Business Day" means any day other than a Saturday or Sunday on which Banks are not authorized or required to close in Chicago, Illinois or New York, New York and, if the applicable Business Day relates to the borrowing or payment of a Eurocurrency Loan, on which dealings in U.S. Dollars may be carried on by the Agent in the interbank eurodollar market.

"Capital Lease" means at any date any lease of Property which, in accordance with GAAP, would be required to be capitalized on the balance sheet of the lessee.

"Capitalized Lease Obligations" means, for any Person, the amount of such Person's liabilities under Capital Leases determined at any date in accordance with GAAP.

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

"Commitments" means the Revolving Credit Commitments.

"Compliance Certificate" means a certificate in the form of Exhibit B hereto.

"Consolidated Capitalization" means Consolidated Net Worth plus Indebtedness of the Borrower.

"Consolidated Current Liabilities" means such liabilities of the Borrower on a consolidated basis as shall be determined in accordance with GAAP to constitute current liabilities.

"Consolidated Net Income" means, for any period, the net income (or net loss) of the Borrower for such period computed on a consolidated basis in accordance with GAAP.

"Consolidated Net Tangible Assets" means, as of the date of determination thereof, Consolidated Total Assets as of such date less the sum of (i) Consolidated Current Liabilities and (ii) Intangible Assets.

"Consolidated Net Worth" means, as of the date of determination thereof, the amount which would be reflected as stockholders' equity upon a consolidated balance sheet of the Borrower (determined in accordance with GAAP) prior to making any adjustment thereto in connection with the account entitled "currency translation account" on such balance sheet.

"Consolidated Total Assets" means, as of the date of determination thereof, the total amount of all assets of the Borrower determined on a consolidated basis in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its Property is bound.

"Controlled Group" means all members of a controlled group of corporations and all trades and businesses (whether or not incorporated) under common control that, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Documents" means this Agreement, the Notes and the Fee Letter.

"Credit Event" means the advancing of any Loan or the continuation of or conversion into a Eurocurrency Loan.

"Default" means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

"Effective Date" means March 10, 2000.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1802 et seq., the Toxic Substances Control Act, 15 S.C. Section 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1252 et seq., the Clean Water Act, 33 U.S.C. Section 1321 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., and any other federal, state, county, municipal, local or other statute, law, ordinance or regulation which may relate to or deal with human health or the environment, all as may be from time to time amended.

"ERISA" is defined in Section 5.9 hereof.

"Eurocurrency Loan" means a Loan bearing interest prior to maturity at the rate specified in Section 2.3(b) hereof.

"Eurocurrency Margin" means the percentage set forth in Schedule 1 hereto beside the then applicable Rating.

"Eurocurrency Reserve Percentage" is defined in Section 2.3(b) hereof.

"Event of Default" means any of the events or circumstances specified in Section 8.1 hereof.

"Existing Bridge Credit Agreement" means that certain 364-Day Revolving Credit Agreement dated as of October 29, 1999 among NRG Energy, Inc., ABN AMRO Bank N.V., as administrative agent, and the banks from time-to-time party thereto, as amended or otherwise modified from time to time.

"Existing Long-Term Credit Agreement" means that certain Revolving Credit Agreement dated as of March 17, 1997 among NRG Energy, Inc., ABN AMRO Bank N.V., as agent and the banks from time to time party thereto, as amended or otherwise modified from time to time.

"Existing Short-Term Credit Agreement" means that certain 364-Day Revolving Credit Agreement dated as of March 17, 1998 among NRG Energy, Inc., ABN AMRO Bank N.V., as

agent and the banks from time to time party thereto, as amended or otherwise modified from time to time.

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

"Facility Fee Rate" means the percentage set forth in Schedule 1 hereto beside the then applicable Rating.

"Federal Funds Rate" means the fluctuating interest rate per annum described in part (x) of clause (ii) of the definition of Base Rate set forth in Section 2.3(a) hereof.

"Fee Letter" means that certain letter between the Agent and the Borrower dated as of the date hereof pertaining to fees to be paid by the Borrower to the Agent for the Agent's sole account and benefit.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time, applied by the Borrower and its Subsidiaries on a basis consistent with the preparation of the Borrower's financial statements furnished to the Banks.

"Guaranty" by any Person means all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation (including, without limitation, limited or full recourse obligations in connection with sales of receivables or any other Property) of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation or any Property or assets constituting security therefor, (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, or (iii) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (iv) otherwise to assure the owner of the

Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the maximum aggregate amount of such obligation or, if the Guaranty is limited to less than the full amount of such obligation, the maximum aggregate potential liability under the terms of the Guaranty. Notwithstanding anything in this definition to the contrary, a Person's support of its subsidiary's obligation to (a) make equity contributions or (b) pay liquidated damages under an operating and maintenance agreement should such subsidiary fail to comply with the terms thereof shall not be considered a "Guaranty" by such Person.

"Hazardous Material" means any substance or material which is hazardous or toxic, and includes, without limitation, (a) asbestos, polychlorinated biphenyls, dioxins and petroleum or its

by-products or derivatives (including crude oil or any fraction thereof) and (b) any other material or substance classified or regulated as "hazardous" or "toxic" pursuant to any Environmental Law.

"Indebtedness" means and includes, for any Person, all obligations of such Person, without duplication, which are required by GAAP to be shown as liabilities on its balance sheet, and in any event shall include all of the following whether or not so shown as liabilities: (i) obligations of such Person for borrowed money, (ii) obligations of such Person representing the deferred purchase price of property or services, (iii) obligations of such Person evidenced by notes, acceptances, or other instruments of such Person or arising out of letters of credit issued for such Person's account, (iv) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (v) Capitalized Lease Obligations of such Person and (vi) obligations for which such Person is obligated pursuant to a Guaranty. All calculations of the Indebtedness of any Person (and the components thereof) shall be performed on a consolidated basis, provided, that Indebtedness shall not include obligations which are required by GAAP to be shown as liabilities on such Person's balance sheet, but which are non-recourse to such Person.

"Interest Period" is defined in Section 2.6 hereof.

"Intangible Assets" means, as of the date of determination thereof, all assets of the Borrower properly classified as intangible assets determined on a consolidated basis in accordance with GAAP.

"Lending Office" is defined in Section 9.4 hereof.

"LIBOR" is defined in Section 2.3(b) hereof.

"LIBOR Index Rate" is defined in Section 2.3(b) hereof.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" shall also include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement

pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention of title shall constitute a "Lien."

"Loan" is defined in Section 2.1(a) hereof and, as so defined, includes a Base Rate Loan or Eurocurrency Loan, each of which is a "type" of Loan hereunder.

"Material Adverse Effect" means any material adverse change in, or any adverse development which materially affects or could reasonably be expected to affect, the business, financial position or results of operations of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to perform its obligations under the Credit Documents.

"Material Subsidiary" means a Subsidiary of the Borrower whose total assets represent at least 5% of the total assets of the Borrower and its Subsidiaries determined based upon the most recent financial statements delivered pursuant to Section 7.6 (as determined in accordance with GAAP).

"Minimum Consolidated Net Worth" means an amount, as of any determination thereof, equal to the sum of $700,000,000 plus 25% of Consolidated Net Income for the period from and including January 1, 2000 to such determination date but which amount shall in no event be less than $700,000,000.

"Non-Conforming Period" is defined in Section 7.13 hereof.

"Note" is defined in Section 2.10(a) hereof.

"Obligations" means all fees payable hereunder, all obligations of the Borrower to pay principal or interest on Loans and all other payment obligations of the Borrower arising under or in relation to any Credit Document.

"Percentage" means, for each Bank, the percentage of the Revolving Credit Commitments represented by such Bank's Revolving Credit Commitment or, if the Revolving Credit Commitments have been terminated, the percentage held by such Bank of the aggregate principal amount of all outstanding Obligations.

"Person" means an individual, partnership, corporation, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"Plan" means at any time an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by a member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"PBGC" is defined in Section 5.9 hereof.

"Project Finance Subsidiary" means any special purpose Subsidiary of the Borrower formed solely to facilitate the financing of the assets of such Subsidiary, and as to which the recourse of any creditors of such Subsidiary is limited solely to such assets and the stock or other equity interest of such Subsidiary.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"Rating" means the rating given to senior unsecured non-credit enhanced debt obligations of the Borrower by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successors thereto.

"Reference Banks" means ABN AMRO Bank N.V., and one other representative of the Banks. In the event that any of such Banks ceases to be a "Bank" hereunder or fails to provide timely quotations of interest rates to the Agent as and when required by this Agreement, then such Bank shall be replaced by a new reference bank jointly designated by the Agent and the Borrower.

"Replaceable Bank" is defined in Section 11.13(iii).

"Replacement Bank" is defined in Section 11.13(iii).

"Required Banks" means, as of the date of determination thereof, Banks holding at least 66b% of the Percentages.

"Revolving Credit Commitment" is defined in Section 2.1 hereof.

"SEC" means the Securities and Exchange Commission.

"Security" has the same meaning as in Section 2(l) of the Securities Act of 1933, as amended.

"Subsidiary" means, as to the Borrower, any active, domestic corporation or other entity of which one hundred percent (100%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the Board of Directors of such corporation or similar governing body in the case of a non corporation (irrespective of whether or not, at the time, stock or other equity interest of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly owned by the Borrower.

"Telerate Service" means the Dow Jones Telerate Service.

"Termination Date" means the date occurring 364 days from the date of this Agreement.

"Unfunded Vested Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all vested nonforfeitable accrued benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such

excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

"Utilization" means the percentage obtained by dividing the aggregate outstanding principal amount of Loans on any date (after giving effect to any Borrowings and repayments occurring on such date) by the Commitments in effect on such date (after giving effect to any reductions thereof on such date).

"U.S. Dollars" and "$" each means the lawful currency of the United States of America.

"Voting Stock" of any Person means capital stock of any class or classes or other equity interests (however designated) having ordinary voting power for the election of directors or similar governing body of such Person.

"Welfare Plan" means a "welfare plan," as defined in Section 3(1) of ERISA.

"Wholly-Owned" when used in connection with any Subsidiary of the Borrower means a Subsidiary of which all of the issued and outstanding shares of stock or other equity interests (other than directors' qualifying shares as required by law) shall be owned by the Borrower and/or one or more of its Wholly-Owned Subsidiaries.

Section 1.2 Interpretation. The foregoing definitions shall be equally applicable to both the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to Chicago, Illinois time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the specific provisions of this Agreement.

SECTION 2. THE REVOLVING CREDIT.

Section 2.1 The Loan Commitment. General Terms. Subject to the terms and conditions hereof, each Bank severally and not jointly agrees to make a loan or loans (individually a "Loan" and collectively "Loans") to the Borrower from time to time on a revolving basis in U.S. Dollars up to the amount of its revolving credit commitment set forth on the applicable signature page hereof (such amount, as reduced pursuant to Section 2.12 or changed as a result of one or more assignments under Section 11.12 or 11.13(iii), its "Revolving Credit Commitment" and, cumulatively for all the Banks, the "Revolving Credit Commitments") before the Termination Date. The aggregate amount of Loans at any time outstanding shall not exceed the Revolving

Credit Commitments in effect at such time. Each Borrowing of Loans shall be made ratably from the Banks in proportion to their respective Percentages. As provided in Section 2.5(a) hereof, the Borrower may elect that each Borrowing of Loans be either Base Rate Loans or Eurocurrency Loans. Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to all the terms and conditions hereof. The initial amount of Revolving Credit Commitments under this Agreement equals $500,000,000.

Section 2.2 [Intentionally Omitted].

Section 2.3 Applicable Interest Rates.

(a) Base Rate Loans. Each Base Rate Loan made or maintained by a Bank shall bear interest during each Interest Period it is outstanding computed on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed on the unpaid principal amount thereof from the date such Loan is advanced, continued or created by conversion from a Eurocurrency Loan until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect, payable on the last day of its Interest Period and at maturity (whether by acceleration or otherwise).

"Base Rate" means for any day the greater of:

(i) the rate of interest announced by the Agent at its offices in Chicago, Illinois, from time to time as its prime rate, or equivalent, for U.S. Dollar loans as in effect on such day, with any change in the Base Rate resulting from a change in said prime rate to be effective as of the date of the relevant change in said prime rate; and

(ii) the sum of (x) the rate determined by the Agent to be the prevailing rate per annum (rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point) at approximately 10:00 a.m. (New York time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) for the purchase at face value of overnight Federal funds, as published by the Federal Reserve bank of New York, in an amount comparable to the principal amount owed to the Agent for which such rate is being determined, plus (y) 2 of 1% (0.50%).

(b) Eurocurrency Loans. Each Eurocurrency Loan made or maintained by a Bank shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, continued, or created by conversion from a Base Rate Loan until maturity (whether by

acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Adjusted LIBOR applicable for such Interest Period, payable on the last day of the Interest Period and at maturity (whether by acceleration or otherwise), and, if the applicable Interest Period is longer than three months, on each day occurring every three months after the commencement of such Interest Period. All payments of principal and interest on a Loan (whether a Base Rate Loan or Eurocurrency Loan) shall be made in U.S. Dollars.

"Adjusted LIBOR" means, for any Borrowing of Eurocurrency Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{Eurocurrency Reserve Percentage}}$$

"LIBOR" means, for an Interest Period, (a) the LIBOR Index Rate for such Interest Period as from time to time quoted by the Telerate Service, if such rate is available, and (b) if the LIBOR Index Rate is not quoted by the Telerate Service, the arithmetic average of the rates of interest per annum (rounded upwards, if necessary, to the nearest one-sixteenth of one percent) at which deposits in U.S. Dollars in immediately available funds are offered to each Reference Bank at 11:00 a.m. (London, England time) two (2) Business Days before the beginning of such Interest Period by major banks in the interbank eurocurrency market for delivery on the first day of and for a period equal to such Interest Period in an amount equal or comparable to the principal amount of the Eurocurrency Loan scheduled to be made by the Agent as part of such Borrowing.

"LIBOR Index Rate" means, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one-sixteenth of one percent) for deposits in U.S. Dollars for delivery on the first day of and for a period equal to such Interest Period in an amount equal or comparable to the principal amount of the Loan scheduled to be made by the Agent as part of such Borrowing, which appears on the Applicable Telerate Page, as of 11:00 a.m. (London, England time) on the day two (2) Business Days before the commencement of such Interest Period.

"Applicable Telerate Page" means the display page designated as "Page 3750" on the Telerate Service (or such other page as may replace such pages, as appropriate, on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in U.S. Dollars).

"Eurocurrency Reserve Percentage" means the daily average for the applicable Interest Period of the maximum rate, expressed as a decimal, at which reserves (including, without limitation, any supplemental, marginal and emergency reserves) are imposed during such Interest Period by the Board of Governors of the Federal Reserve System (or any successor) on "eurocurrency liabilities," as defined in such Board's Regulation D (or in respect of any other category of liabilities that includes deposits by reference to which the interest rate is determined or any category of extensions of credit or other assets that include loans by non-United States offices of any Bank to United States residents), subject

to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto. For purposes of this definition, the Eurocurrency Loans shall be deemed to be "eurocurrency liabilities" as defined in Regulation D without benefit or credit for any prorations, exemptions or offsets under Regulation D.

(c) Rate Determinations. The Agent shall determine each interest rate applicable to Obligations, and a determination thereof by the Agent shall be conclusive and binding except in the case of manifest error.

Section 2.4 Minimum Borrowing Amounts. Each Borrowing of Base Rate Loans and Eurocurrency Loans denominated in U.S. Dollars shall be in an amount not less than $1,000,000 and in integral multiples of $1,000,000.

Section 2.5 Manner of Borrowing Loans and Designating Interest Rates Applicable to Loans.

(a) Notice to the Agent. The Borrower shall give written notice to the Agent by no later than 10:00 a.m. (Chicago time) (i) at least three (3) Business Days before the date on which the Borrower requests the Banks to advance a Borrowing of Eurocurrency Loans and (ii) on the date the Borrower requests the Banks to advance a Borrowing of Base Rate Loans. The Loans included in each Borrowing shall bear interest initially at the type of rate specified in such notice of a new Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to Section 2.4's minimum amount requirement for each outstanding Borrowing, a portion thereof, as follows: (i) if such Borrowing is of Eurocurrency Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as Eurocurrency Loans for an Interest Period or Interest Periods specified by the Borrower or convert part or all of such Borrowing into Base Rate Loans, (ii) if such Borrowing is of Base Rate Loans, on any Business Day, the Borrower may convert all or part of such Borrowing into Eurocurrency Loans for an Interest Period or Interest Periods specified by the Borrower. The Borrower shall give all such notices requesting the advance, continuation, or conversion of a Borrowing to the Agent by telephone or telecopy (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing). Notices of the continuation of a Borrowing of Eurocurrency Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of Eurocurrency Loans into Base Rate Loans or of Base Rate Loans into Eurocurrency Loans must be given by no later than 10:00 a.m. (Chicago time) at least three (3) Business Days before the date of the requested continuation or conversion. All such notices concerning the advance, continuation, or conversion of a Borrowing shall specify the date of the requested advance, continuation or conversion of a Borrowing (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued, or converted, the type of Loans to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of Eurocurrency Loans, the Interest Period applicable

thereto. The Borrower agrees that the Agent may rely on any such telephonic or telecopy notice given by any person it in good faith believes is an Authorized Representative without the necessity of independent investigation, and in the event any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Agent has acted in reliance thereon. There may be no more than five different Interest Periods in effect at any one time.

(b) Notice to the Banks. The Agent shall give prompt telephonic or telecopy notice to each Bank of any notice from the Borrower received pursuant to Section 2.5(a) above. The Agent shall give notice to the Borrower and each Bank by like means of the interest rate applicable to each Borrowing of Eurocurrency Loans and the amount thereof.

(c) Borrower's Failure to Notify. Any outstanding Borrowing of Base Rate Loans shall, subject to Section 6.2 hereof, automatically be continued for an additional Interest Period on the last day of its then current Interest Period unless the Borrower has notified the Agent within the period required by Section 2.5(a) that it intends to convert such Borrowing into a Borrowing of Eurocurrency Loans or notifies the

Agent within the period required by Section 2.8(a) that it intends to prepay such Borrowing. If the Borrower fails to give notice pursuant to Section 2.5(a) above of the continuation or conversion of any outstanding principal amount of a Borrowing of Eurocurrency Loans before the last day of its then current Interest Period within the period required by Section 2.5(a) and has not notified the Agent within the period required by Section 2.8(a) that it intends to prepay such Borrowing, such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans, subject to Section 6.2 hereof.

(d) Disbursement of Loans. Not later than 11:00 a.m. (Chicago time) on the date of any requested advance of a new Borrowing of Eurocurrency Loans, and not later than 12:00 noon (Chicago time) on the date of any requested advance of a new Borrowing of Base Rate Loans, subject to Section 6 hereof, each Bank shall make available its Loan comprising part of such Borrowing in funds immediately available at the principal office of the Agent in Chicago, Illinois. The Agent shall make available to the Borrower Loans at the Agent's principal office in Chicago, Illinois or such other office as the Agent has previously agreed to, in writing, with the Borrower.

(e) Agent Reliance on Bank Funding. Unless the Agent shall have been notified by a Bank before the date on which such Bank is scheduled to make payment to the Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Bank does not intend to make such payment, the Agent may assume that such Bank has made such payment when due and the Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower the proceeds of the Loan to be made by such Bank and, if any Bank has not in fact made such payment to the Agent, such Bank shall, on demand, pay to the Agent the amount made available to the Borrower attributable to such Bank together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Bank pays such amount to the Agent at a rate per annum

equal to the Federal Funds Rate. If such amount is not received from such Bank by the Agent immediately upon demand, the Borrower will, on demand, repay to the Agent the proceeds of the Loan attributable to such Bank with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan.

Section 2.6 Interest Periods. As provided in Section 2.5(a) hereof, at the time of each request to advance, continue, or create by conversion a Borrowing of Eurocurrency Loans, the Borrower shall select an Interest Period applicable to such Loans from among the available options. The term "Interest Period" means the period commencing on the date a Borrowing of Loans is advanced, continued, or created by conversion and ending: (a) in the case of Base Rate Loans, on the last Business Day of the calendar quarter in which such Borrowing is advanced, continued, or created by conversion (or on the last day of the following calendar quarter if such Loan is advanced, continued or created by conversion on the last Business Day of a calendar quarter), and (b) in the case of Eurocurrency Loans, 1, 2, 3, or 6 months thereafter; provided, however, that:

(a) any Interest Period for a Borrowing of Base Rate Loans that otherwise would end after the Termination Date shall end on the Termination Date;

(b) for any Borrowing of Eurocurrency Loans, the Borrower may not select an Interest Period that extends beyond the Termination Date;

(c) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, provided that, if such extension would cause the last day of an Interest Period for a Borrowing of Eurocurrency Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(d) for purposes of determining an Interest Period for a Borrowing of Eurocurrency Loans, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

Section 2.7 Maturity of Loans. Unless an earlier maturity is provided for hereunder (whether by acceleration or otherwise), each Loan shall mature and become due and payable by the Borrower on the Termination Date.

Section 2.8 Prepayments.

(a) The Borrower may prepay without premium or penalty and in whole or in part (but, if in part, then: (i) if such Borrowing is of Base Rate Loans, in an amount not

less than $1,000,000, (ii) if such Borrowing is of Eurocurrency Loans in an amount not less than $1,000,000, and (iii) in an amount such that the minimum amount required for a Borrowing pursuant to Section 2.4 hereof remains outstanding) any Borrowing of Eurocurrency Loans upon three Business Days prior notice to the Agent or, in the case of a Borrowing of Base Rate Loans, notice delivered to the Agent no later than 10:00 a.m. (Chicago time) on the date of prepayment, such prepayment to be made by the payment of the principal amount to be prepaid and accrued interest thereon to the date fixed for prepayment. In the case of Eurocurrency Loans, such prepayment may only be made on the last day of the Interest Period then applicable to such Loans. The Agent will promptly advise each Bank of any such prepayment notice it receives from the Borrower. Any amount paid or prepaid before the Termination Date may, subject to the terms and conditions of this Agreement, be borrowed, repaid and borrowed again.

(b) If the aggregate principal amount of outstanding Loans shall at any time for any reason exceed the Revolving Credit Commitments then in effect, the Borrower shall, immediately and without notice or demand, pay the amount of such excess to the Agent for the ratable benefit of the Banks as a prepayment of the Loans. Immediately upon determining the need to make any such prepayment the Borrower shall notify the Agent of such required prepayment.

(c) Each such prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans prepaid and shall be subject to Section 2.11.

Section 2.9 Default Rate. If any payment of any Obligation is not made

when due (whether by acceleration or otherwise), such Obligation shall bear interest, computed on the basis of a year of 360 days and actual days elapsed (except for Base Rate Loans bearing interest based on the rate described in clause (i) of the definition of Base Rate, in which case such Loan shall bear interest computed on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed) from the date such payment was due until paid in full, payable on demand, at a rate per annum equal to:

(a) for any Obligation other than a Eurocurrency Loan, the sum of two percent (2%) plus the Base Rate Margin plus the Base Rate from time to time in effect; and

(b) for any Eurocurrency Loan, the sum of two percent (2%) plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the sum of two percent (2%) plus the Base Rate Margin plus the Base Rate from time to time in effect.

Section 2.10 The Notes.

(a) The Loans made to the Borrower by a Bank shall be evidenced by a single promissory note of the Borrower issued to such Bank in the form of Exhibit A hereto.

Each such promissory note is hereinafter referred to as a "Note" and collectively such promissory notes are referred to as the "Notes."

(b) Each Bank shall record on its books and records or on a schedule to its Note the amount of each Loan advanced, continued, or converted by it, all payments of principal and interest and the principal balance from time to time outstanding thereon, the type of such Loan, and, for any Eurocurrency Loan, the Interest Period and the interest rate applicable thereto. The record thereof, whether shown on such books and records of a Bank or on a schedule to any Note, shall be prima facie evidence as to all such matters; provided, however, that the failure of any Bank to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it hereunder together with accrued interest thereon. At the request of any Bank and upon such Bank tendering to the Borrower the Note to be replaced, the Borrower shall furnish a new Note to such Bank to replace any outstanding Note, and at such time the first notation appearing on a schedule on the reverse side of, or attached to, such Note shall set forth the aggregate unpaid principal amount of all Loans, if any, then outstanding thereon.

Section 2.11 Funding Indemnity. If any Bank shall incur any loss, cost or expense (including, without limitation, any loss of profit, and any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Bank to fund or maintain any Eurocurrency Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to such Bank) as a result of:

(a) any payment (whether by acceleration or otherwise), prepayment or conversion of a Eurocurrency Loan on a date other than the last day of its Interest Period,

(b) any failure (because of a failure to meet the conditions of Section 6 or otherwise) by the Borrower to borrow or continue a

Eurocurrency Loan, or to convert a Base Rate Loan into a Eurocurrency Loan, on the date specified in a notice given pursuant to Section 2.5(a) or established pursuant to Section 2.5(c) hereof,

(c) any failure by the Borrower to make any payment of principal on any Eurocurrency Loan (x) when due (whether by acceleration or otherwise), or (y) on the date specified in a notice of prepayment, or

(d) any acceleration of the maturity of a Eurocurrency Loan as a result of the occurrence of any Event of Default hereunder,

then, upon the demand of such Bank, the Borrower shall pay to such Bank such amount as will reimburse such Bank for such loss, cost or expense. If any Bank makes such a claim for compensation, it shall provide to the Borrower, with a copy to the Agent, a certificate executed by an officer of such Bank setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and

the amounts shown on such certificate if reasonably calculated shall be conclusive absent manifest error.

Section 2.12 Commitment Terminations. The Borrower shall have the right at any time and from time to time, upon five (5) Business Days prior written notice to the Agent, to terminate the Revolving Credit Commitments without premium or penalty, in whole or in part, any partial termination to be (i) in an amount not less than $5,000,000, and (ii) allocated ratably among the Banks in proportion to their respective Percentages, provided that the Revolving Credit Commitments may not be reduced to an amount less than the amount of all Loans then outstanding. The Agent shall give prompt notice to each Bank of any such termination of Commitments. Any termination of Revolving Credit Commitments pursuant to this Section 2.12 may not be reinstated.

SECTION 3. FEES.

Section 3.1 Fees.

(a Certain Fees. The Borrower shall pay, or cause to be paid, to the Agent certain fees set forth in the Fee Letter at the time specified in the Fee Letter for payment of such amounts.

(b Facility Fee. For the period from the Effective Date to and including the Termination Date, the Borrower shall pay to the Agent for the ratable account of the Banks in accordance with their Percentages a facility fee accruing at a rate per annum equal to the Facility Fee Rate on the average daily amount of the Commitments (whether used or unused), or if the Commitments have expired or terminated, on the principal amount of Loans. Such facility fee is payable in arrears on the last Business Day of each calendar quarter and on the Termination Date, unless the Revolving Credit Commitments are terminated in whole on an earlier date, in which event the fee for the period to but not including the date of such termination shall be paid in whole on the date of such termination.

(c Closing Fees. On the Effective Date the Borrower shall pay to the Agent for the account of each Bank a closing fee of (i) 0.15% on

the amount of such Bank's Revolving Credit Commitment in effect on the Effective Date, if such Bank's Revolving Credit Commitment is equal to or less than $20,000,000 on the Effective Date or (ii) 0.25% on the amount of such Bank's Revolving Credit Commitment in effect on the Effective Date, if such Bank's Revolving Credit Commitment is greater than $20,000,000 on the Effective Date.

(d Fee Calculations. All fees payable under this Agreement shall be payable in U.S. Dollars and shall be computed on the basis of a year of 360 days, for the actual number of days elapsed. All determinations of the amount of fees owing hereunder (and

the components thereof) shall be made by the Agent and shall be conclusive absent manifest error.

SECTION 4. PLACE AND APPLICATION OF PAYMENTS.

Section 4.1 Place and Application of Payments. All payments of principal of and interest on the Loans, and of all other amounts payable by the Borrower under this Agreement, shall be made by the Borrower to the Agent by no later than 12:00 Noon (Chicago time) on the due date thereof at the principal office of the Agent in Chicago, Illinois (or such other location in the United States as the Agent may designate to the Borrower). Any payments received after such time shall be deemed to have been received by the Agent on the next Business Day. All such payments shall be made free and clear of, and without deduction for, any set-off, counterclaim, levy, withholding or any other deduction of any kind in U.S. Dollars, in immediately available funds at the place of payment. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest on Loans or applicable fees ratably to the Banks and like funds relating to the payment of any other amount payable to any Person to such Person, in each case to be applied in accordance with the terms of this Agreement.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Borrower hereby represents and warrants to each Bank as to itself and, where the following representations and warranties apply to Subsidiaries, as to each of its Subsidiaries, as follows:

Section 5.1 Corporate Organization and Authority. The Borrower and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, except where such failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect. Each is duly qualified to transact business in each jurisdiction in which such qualification is required, whether by reason of ownership or leasing of property or the conduct of business or otherwise, except where failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. Each has the power and authority required to own, lease and operate its properties and to conduct its business as currently conducted, except where failure to have such power and authority would not, individually or in the aggregate, have a Material Adverse Effect.

Section 5.2 Subsidiaries. Schedule 5.2 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower) hereto identifies each Subsidiary and the jurisdiction of its incorporation. All of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and outstanding and fully paid and nonassessable except as set forth on Schedule 5.2 hereto. All such shares owned by the Borrower are owned beneficially, and of record, and, except in the case of any

Project Finance Subsidiary, free of any Lien.

Section 5.3 Corporate Authority and Validity of Obligations. The Borrower has full right and authority to enter into this Agreement and the other Credit Documents to which it is a party, to make the borrowings herein provided for, to issue its Notes in evidence thereof, and to

perform all of its obligations under the Credit Documents to which it is a party. Each Credit Document to which it is a party has been duly authorized, executed and delivered by the Borrower and constitutes valid and binding obligations of the Borrower enforceable in accordance with its terms. No Credit Document, nor the performance or observance by the Borrower of any of the matters or things therein provided for, contravenes any provision of law or any charter or by-law provision of the Borrower or any material Contractual Obligation of or affecting the Borrower or any of its Properties or results in or requires the creation or imposition of any Lien on any of the Properties or revenues of the Borrower.

Section 5.4 Financial Statements. All financial statements heretofore delivered to the Banks showing historical performance of the Borrower for each of the Borrower's fiscal years ending on or before December 31, 1998, and for the Borrower's quarter ended September 30, 1999 have been prepared in accordance with generally accepted accounting principles applied on a basis consistent, except as otherwise noted therein, with that of the previous fiscal year. Each of such financial statements fairly presents on a consolidated basis the financial condition of the Borrower as of the dates thereof and the results of operations for the periods covered thereby. The Borrower and its Subsidiaries have no material contingent liabilities other than those disclosed in such financial statements referred to in this Section 5.4 or in comments or footnotes thereto, or in any report supplementary thereto, heretofore furnished to the Banks. Since December 31, 1998, there has been no material adverse change in the business, operations, Property or financial or other condition, or business prospects, of the Borrower or any of its Subsidiaries.

Section 5.5 No Litigation; No Labor Controversies.

(a Except as set forth on Schedule 5.5 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower), there is no litigation or governmental proceeding pending, or to the knowledge of the Borrower, threatened, against the Borrower or any Subsidiary which, if adversely determined, could (individually or in the aggregate) have a Material Adverse Effect.

(b Except as set forth on Schedule 5.5 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower), there are no labor controversies pending or, to the best knowledge of the Borrower, threatened against the Borrower or any Subsidiary which could have a Material Adverse Effect.

Section 5.6 Taxes. The Borrower and its Subsidiaries have filed all United States federal tax returns, and all other tax returns, required to be filed and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been provided. No notices of tax liens have been filed and no claims are being asserted concerning any such taxes, which liens or claims are material to the financial condition of the Borrower or any of its Subsidiaries (individually or in the aggregate). The charges, accruals and reserves on the books of the

Borrower and its Subsidiaries for any taxes or other governmental charges are adequate.

Section 5.7 Approvals. Except as contemplated by Section 7.14, no authorization, consent, license, exemption, filing or registration with any court or governmental department, agency or instrumentality, nor any approval or consent of the stockholders of the Borrower or any Subsidiary or from any other Person, is necessary to the valid execution, delivery or performance by the Borrower or any Subsidiary of any Credit Document to which it is a party.

Section 5.8 Validity of Notes. When executed, authenticated and delivered pursuant to the provisions of this Agreement against payment of the consideration therefor, the Notes will be duly issued and will constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, except for the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally, and will rank pari passu with all other outstanding unsecured indebtedness of the Borrower.

Section 5.9 ERISA. With respect to each Plan, the Borrower and each other member of the Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and with the Code to the extent applicable to it and has not incurred any liability to the Pension Benefit Guaranty Corporation ("PBGC") or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. The Borrower does not have any contingent liabilities for any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

Section 5.10 Government Regulation. Neither the Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 5.11 Margin Stock; Use of Proceeds. Neither the Borrower nor any Subsidiary is engaged principally, or as one of its primary activities, in the business of extending credit for the purpose of purchasing or carrying margin stock ("margin stock" to have the same meaning herein as in Regulation U of the Board of Governors of the Federal Reserve System). The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.10. The Borrower will not use the proceeds of any Loan in a manner that violates any provision of Regulation U or X of the Board of Governors of the Federal Reserve System.

Section 5.12 Licenses and Authorizations; Compliance Laws. The Borrower and each of its Subsidiaries has all necessary licenses, permits and governmental authorizations to own and operate its Properties and to carry on its business as currently conducted and contemplated. The Borrower and each of its Subsidiaries is in compliance with all applicable laws, regulations, ordinances and orders of any governmental or judicial authorities except for any such law, regulation, ordinance or order which, the failure to comply therewith, could not reasonably be expected to have a Material Adverse Effect.

Section 5.13 Ownership of Property Liens. The Borrower and each Subsidiary has good title to or valid leasehold interests in all its Property. None of the Borrower's Property is subject to any Lien, except as permitted in Section 7.9.

Section 5.14 No Burdensome Restrictions; Compliance with Agreements. Neither the Borrower nor any Subsidiary is (a) party or subject to any law, regulation, rule or order, or any Contractual Obligation that (individually or in the aggregate) could have a Material Adverse Effect or (b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in, nor has any event occurred (and is continuing) that constitutes or would (whether or not with the giving of notice and/or with the passage of time and/or the fulfillment of any other requirement) constitute, to the knowledge of the Borrower, a default or any breach or failure to perform by the Borrower under any indenture, mortgage, loan agreement, lease or other agreement or instrument to which it is a party, which default could have a Material Adverse Effect.

Section 5.15 Full Disclosure. All information heretofore furnished by the Borrower to the Agent or any Bank for purposes of or in connection with the Credit Documents or any transaction contemplated thereby is, and all such information hereafter furnished by the Borrower to the Agent or any Bank will be, true and accurate in all material respects and not misleading on the date as of which such information is stated or certified.

Section 5.16 Year 2000 Problem. On the basis of a comprehensive review and assessment of the Borrower's and its Subsidiaries' systems and equipment and inquiry made of the Borrower's and its Subsidiaries' material suppliers, vendors and customers, and based on its operations since January 1, 2000, the Borrower has no reason to believe that the Year 2000 Problem, including costs of remediation, has resulted or will result in a Material Adverse Effect. As used herein, "Year 2000 Problem" means any significant risk that computer hardware, software or equipment containing embedded microchips essential to the businesses or operations of the Borrower and its Subsidiaries will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

SECTION 6. CONDITIONS PRECEDENT.

The obligation of each Bank to advance, continue, or convert any Loan shall be subject to the following conditions precedent:

Section 6.1 Initial Credit Event. Before or concurrently with the initial Credit Event:

(a The Agent shall have received for each Bank (i) the favorable written opinion of counsel to the Borrower in substantially the form attached hereto as Exhibit C hereto and (ii) the closing fee referred to in Section 3.1(c) hereof;

(b The Agent shall have received for each Bank copies of (i) the Articles of Incorporation, together with all amendments, and a certificate of good standing, for the Borrower, both certified as of a date not earlier than 20 days prior to the date hereof by the appropriate governmental officer of the Borrower's jurisdiction of incorporation and

(ii) the Borrower's bylaws (or comparable constituent documents) and any amendments thereto, certified in each instance by its Secretary or an Assistant Secretary;

(c The Agent shall have received for each Bank copies of resolutions of the Borrower's Board of Directors authorizing the execution and delivery of the Credit Documents and the consummation of the transactions contemplated thereby together with specimen signatures of the persons authorized to execute such documents on the Borrower's behalf, all certified in each instance by its Secretary or Assistant Secretary;

(d The Agent shall have received for each Bank such Bank's duly executed Note of the Borrower dated the date hereof and otherwise in compliance with the provisions of Section 2.10(a) hereof;

(e The Agent shall have received for each Bank a list of the Borrower's Authorized Representatives and such other documents as any Bank may reasonably request;

(f All legal matters incident to the execution and delivery of the Credit Documents shall be satisfactory to the Banks;

(g The Borrower shall have delivered evidence reasonably satisfactory to the Banks that, after giving effect to the use of proceeds from the initial Credit Event, the Existing Bridge Credit Agreement, the Existing Short-Term Credit Agreement and the Existing Long-Term Credit Agreement will be terminated and that the Borrower will have no further obligations thereunder.

(h The Agent shall have received a certificate by the chief financial officer, treasurer, vice president of finance or corporate controller of the Borrower, stating that on the date of such initial Credit Event no Default or Event of Default has occurred and is continuing.

Section 6.2 All Credit Events. As of the time of each Credit Event hereunder (including the initial Credit Event):

(a The Agent shall have received the notice required by Section 2.5 hereof;

(b Each of the representations and warranties set forth in Section 5 hereof shall be and remain true and correct in all material respects as of said time, taking into account any amendments to such Section (including, without limitation, any amendments to the Schedules referenced therein) made after the date of this Agreement in accordance with its provisions, except that if any such representation or warranty relates solely to an earlier date it need only remain true as of such date, provided that solely for purposes of this Section 6.2(b) the representations relating

to the Borrower's Subsidiaries set forth in Section 5.2 hereof shall be deemed representations relating only to the Borrower's Material Subsidiaries;

(c The Borrower shall be in full compliance with all

of the terms and conditions hereof, and no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

(d No event of default by the Borrower has been declared and is continuing under any existing debt agreements; and

(e Such Credit Event shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to any Bank (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System).

Each request for a Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Credit Event as to the facts specified in paragraphs (b) and (c) of this Section 6.2, provided, that solely in the case of a Credit Event which is a continuation of a previous Borrowing, the Borrower shall not be deemed to have made any representation or warranty with regard to the matters set forth in Section 5.5(a) and (b) hereof.

SECTION 7. COVENANTS.

The Borrower covenants and agrees that, so long as any Loan is outstanding hereunder, or any Commitment is available to or in use by the Borrower hereunder, except to the extent compliance in any case is waived in writing by the Required Banks:

Section 7.1 Corporate Existence; Subsidiaries. The Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain its corporate existence, subject to the provisions of Section 7.11 hereof.

Section 7.2 Maintenance. The Borrower will maintain, preserve and keep its plants, Properties and equipment necessary to the proper conduct of its business in reasonably good repair, working order and condition and will from time to time make all reasonably necessary repairs, renewals, replacements, additions and betterments thereto so that at all times such plants, Properties and equipment shall be reasonably preserved and maintained, and the Borrower will cause each of its Subsidiaries to do so in respect of Property owned or used by it; provided, however, that nothing in this Section 7.2 shall prevent the Borrower or a Subsidiary from discontinuing the operation or maintenance of any such Properties if such discontinuance is not disadvantageous to the Banks or the holders of the Notes, and is, in the judgment of the Borrower, desirable in the conduct of its business or the business of its Subsidiary.

Section 7.3 Taxes. The Borrower will duly pay and discharge, and will cause each of its Subsidiaries duly to pay and discharge, all taxes, rates, assessments, fees and governmental

charges upon or against it or against its Properties, in each case before the same becomes delinquent and before penalties accrue thereon, unless and to the extent that the same is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor on the books of the Borrower.

Section 7.4 ERISA. The Borrower will promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed might result in the imposition of a Lien against any of its properties or assets and will promptly notify the Agent of (i) the occurrence of

any reportable event (as defined in ERISA) affecting a Plan, other than any such event of which the PBGC has waived notice by regulation, (ii) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor, (iii) its intention to terminate or withdraw from any Plan, and (iv) the occurrence of any event affecting any Plan which could result in the incurrence by the Borrower of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower under any post-retirement Welfare Plan benefit. The Agent will promptly distribute to each Bank any notice it receives from the Borrower pursuant to this Section 7.4.

Section 7.5 Insurance. The Borrower will insure, and keep insured, and will cause each of its Subsidiaries to insure, and keep insured, with good and responsible insurance companies, all insurable Property owned by it of a character usually insured by companies similarly situated and operating like Property. To the extent usually insured (subject to self-insured retentions) by companies similarly situated and conducting similar businesses, the Borrower will also insure, and cause each of its Subsidiaries to insure, employers' and public and product liability risks with good and responsible insurance companies. The Borrower will upon request of the Agent furnish to the Agent a summary setting forth the nature and extent of the insurance maintained pursuant to this Section 7.5.

Section 7.6 Financial Reports and Other Information.

(a The Borrower will maintain a system of accounting in accordance with GAAP and will furnish to the Banks and their respective duly authorized representatives such information respecting the business and financial condition of the Borrower and its subsidiaries as any Bank may reasonably request; and without any request, the Borrower will furnish each of the following to each Bank:

(i within 120 days after the end of each fiscal year of the Borrower, (A) a copy of the Borrower's audited financial statements for such fiscal year, including the consolidated balance sheet of the Borrower for such year and the related statement of income and statement of cash flow, as certified by independent public accountants of recognized national standing selected by the Borrower in accordance with GAAP with such accountants unqualified opinion to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in all material respects in accordance with GAAP the consolidated financial position of the Borrower and its subsidiaries as of the close of such fiscal year and

the results of their operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances; (B) a copy of the Borrower's unaudited consolidating financials for such fiscal year, including a consolidating unaudited balance sheet of the Borrower, and the related statement of income and shall use its best efforts to provide a statement of cash flow in a format acceptable to the Agent; all of the foregoing prepared by the Borrower in reasonable detail in accordance with GAAP and certified by the Borrower's chief financial officer,

treasurer, vice president of finance or corporate controller as fairly presenting the financial condition as at the dates thereof and the results of operations for the periods covered thereby;

(ii within 60 days after the end of each of the first three quarterly fiscal periods of the Borrower, a condensed consolidated unaudited balance sheet of the Borrower, and the related statement of income and statement of cash flow, as of the close of such period, all of the foregoing prepared by the Borrower in reasonable detail in accordance with GAAP and certified by the Borrower's chief financial officer, treasurer, vice president of finance or corporate controller as fairly presenting the financial condition as at the dates thereof and the results of operations for the periods covered thereby (subject to year end adjustments):

(iii within the period provided in subsection (i) above, the written statement of the accountants who certified the audit report thereby required that in the course of their audit they have obtained no knowledge of any Default or Event of Default, or, if such accountants have obtained knowledge of any such Default or Event of Default, they shall disclose in such statement the nature and period of the existence thereof;

(iv promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports the Borrower sends to its shareholders, and copies of all other regular, periodic and special reports and all registration statements the Borrower files with the SEC or any successor thereto, or with any national securities exchanges.

(b Each financial statement furnished to the Banks pursuant to subsection (i) or (ii) of Section 7.6(a) shall be accompanied by (A) a written certificate signed by the Borrower's chief financial officer, vice president of finance, corporate controller or treasurer (i) to the effect that no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Borrower to remedy the same, (ii) to the effect that the representations and warranties contained in Section 5 hereof are true and correct in all

material respects as though made on the date of such certificate (other than those made solely as of an earlier date, which need only remain true as of such date), taking into account any amendments to such Section (including, without limitation, any amendments to the Schedules referenced therein) made after the date of this Agreement in accordance with its provisions and except as otherwise described therein, (iii) notifying the Banks (x) of any litigation or governmental proceeding of the type described in Section 5.5 hereof or (y) of any change in the information set forth on the Schedules hereto and (B) a Compliance Certificate in the form of Exhibit B hereto showing the Borrower's compliance with the covenants set forth in Sections 7.9, 7.11, 7.12 and 7.13 hereof.

(c The Borrower will (i) promptly (and in any event within three Business Days after an officer of the Borrower has knowledge

thereof) give notice to the Agent and each Bank (x) of the occurrence of any Default or Event of Default or (y) of any payment default or payment event of default aggregating $20,000,000 or more under any Contractual Obligation of the Borrower and (ii) promptly (and in any event within ten Business Days after an officer of the Borrower has knowledge thereof) give notice to the Agent and each Bank of any material adverse change in the business, operations, Property or financial or other condition of the Borrower and its Subsidiaries (individually or in the aggregate).

Section 7.7 Bank Inspection Rights. Upon reasonable notice from any Bank, the Borrower will, at the Borrower's expense (such expenses to be reasonably incurred), permit such Bank (and such Persons as any Bank may designate) during normal business hours to visit and inspect, under the Borrower's guidance, any of the properties of the Borrower or any of its Subsidiaries, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and with their independent public accountants (and by this provision the Borrower authorizes such accountants to discuss with the Banks (and such Persons as any Bank may designate subject to confidentiality agreements reasonably acceptable to the Borrower) the finances and affairs of the Borrower and its Subsidiaries) all at such reasonable times and as often as may be reasonably requested; provided, however, that except upon the occurrence and during the continuation of any Default or Event of Default, not more than one such set of visits and inspections may be conducted each calendar quarter.

Section 7.8 Conduct of Business. The Borrower will not engage in any line of business other than business associated with or related to energy generation, transmission, marketing and distribution or other infrastructure lines of business.

Section 7.9 Liens. The Borrower shall cause the Obligations to at all times rank at least pari passu with all other senior unsecured obligations of the Borrower. The Borrower will not create, incur, permit to exist or to be incurred any Lien of any kind on any Property owned by the Borrower; provided, however, that this Section 7.9 shall not apply to nor operate to prevent:

(a Liens upon any Property acquired by the Borrower to secure any Indebtedness (which for purposes of this Section 7.9(a) shall include non-recourse obligations) of the Borrower incurred to finance or refinance the purchase price of such Property (including Property which was initially purchased with equity), provided that any such Lien shall apply only to the Property that was so acquired and the aggregate principal amount of Indebtedness secured by such Liens shall not exceed the cost or value of the acquired Property;

(b Other Liens not to exceed 10% of Consolidated Net Tangible Assets;

(c Liens on the stock or other equity interests of Project Finance Subsidiaries; and

(d Any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing paragraphs (a) through (c), inclusive.

Section 7.10 Use of Proceeds; Regulation U. The proceeds of each Borrowing will be used by the Borrower to repay indebtedness outstanding under the Existing Bridge Credit Agreement, the Existing Short-Term Credit Agreement,

and the Existing Long-Term Credit Agreement, and for working capital and general corporate purposes. The Borrower will not use any part of the proceeds of any of the Borrowings directly or indirectly to purchase or carry any margin stock (as defined in Section 5.11 hereof) or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

Section 7.11 Mergers, Consolidations and Sales of Assets.

(a The Borrower will not consolidate with or merge into any other Person or sell, convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Borrower shall not permit any Person to consolidate with or merge into the Borrower, unless: (i) immediately prior to and immediately following such consolidation, merger, sale or lease, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; and (ii) the Borrower is the surviving or continuing corporation, or the surviving or continuing corporation that acquires by sale, conveyance, transfer or lease (a) has a Rating equal to or better than the Rating of the Borrower in effect prior to such consolidation or merger and (y) is incorporated in the United States and expressly assumes the payment and performance of all Obligations of the Borrower under the Credit Documents pursuant to documentation in form and substance satisfactory to the Required Banks.

(b Except for the sale of the properties and assets of the Borrower substantially as an entirety pursuant to subsection (a) above, and other than assets required to be sold to conform with governmental regulations, the Borrower shall not sell or otherwise dispose of any assets (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other asset sales) if on a

pro forma basis, the aggregate net book value of all such sales during the most recent 12-month period would exceed ten percent (10%) of Consolidated Net Tangible Assets computed as of the end of the most recent fiscal quarter preceding such sale; provided, however, that any such sales shall be disregarded for purposes of this ten percent (10%) limitation if the proceeds are invested in assets in similar or related lines of business of the Borrower and, provided further, that the Borrower may sell or otherwise dispose of assets in excess of such ten percent (10%) if the proceeds from such sales or dispositions, which are not reinvested as provided above, are retained by the Borrower as cash or cash equivalents at all times until invested in assets in similar or related lines of business of the Borrower.

Section 7.12 Consolidated Net Worth. The Borrower will at all times cause its Consolidated Net Worth to be equal to or greater than the Minimum Consolidated Net Worth.

Section 7.13 Indebtedness to Consolidated Capitalization. The Borrower will at the end of each of its fiscal quarters maintain a ratio of its Indebtedness to Consolidated Capitalization of not more than 0.68 to 1.00, provided that for not more than two consecutive months in any six month period (any such two month period being referred to herein as a "Non-Conforming Period"), the ratio of the Borrower's Indebtedness to Consolidated Capitalization may increase to not more than 0.72 to 1.00 so long as the Borrower delivers to the Agent within 30 days after the end of any such Non-Conforming Period written affirmation from Moody's Investors Service, Inc.

and Standard and Poor's Ratings Service, Inc. that the respective Ratings which were in effect prior to such Non-Conforming Period remains in effect and that the Borrower has not been placed in any "credit-watch with negative implications" or similar type of category. For purposes of this covenant, only fifty percent (50%) of any Indebtedness of the Borrower constituting performance guarantees of obligations of the Borrower's Affiliates shall be deemed Indebtedness, provided that if any demand has been made on such guarantee, the full amount of such guarantee shall be included in calculating Indebtedness.

Section 7.14 Compliance with Laws. Without limiting any of the other covenants of the Borrower in this Section 7, the Borrower will conduct its business, and otherwise be, in compliance with all applicable laws, regulations, ordinances, writs, judgments, injunctions, decrees, awards and orders of any governmental or judicial authorities; provided, however, that the Borrower shall not be required to comply with any such law, rule, regulation, ordinance, writ, judgments, injunction, decree, award or order if the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

Section 7.15 PUHCA. The Borrower will obtain, or cause to be obtained, all necessary approvals, if any, under the Public Utility Holding Company Act of 1935, as amended, in connection with the Borrower's performance under the Credit Documents.

SECTION 8. EVENTS OF DEFAULT AND REMEDIES.

Section 8.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

(a The Borrower shall (i) fail to make when due any payment of principal on the Notes, or (ii) fail to make when due, and continuance of such failure for three or more Business Days, payment of interest on the Notes or any fee or other amount required to be made to the Agent pursuant to the Credit Documents;

(b Any representation or warranty made or deemed to have been made by or on behalf of the Borrower in the Credit Documents or on behalf of the Borrower in any certificate, statement, report or other writing furnished by or on behalf of the Borrower to the Agent pursuant to the Credit Documents or any other instrument, document or agreement shall prove to have been false or misleading in any material respect on the date as of which the facts set forth are stated or certified or deemed to have been stated or certified;

(c The Borrower shall fail to comply with Section 7 hereof and such failure to comply shall continue for 30 calendar days after notice thereof to the Borrower by the Agent;

(d The Borrower shall fail to comply with any agreement, covenant, condition, provision or term contained in the Credit Documents (and such failure shall not constitute an Event of Default under any of the other provisions of this Section 8) and such failure to comply shall continue for 30 calendar days after notice thereof to the Borrower by the Agent;

(e The Borrower shall become insolvent or shall generally not pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver of the Borrower or for a substantial part of the property thereof or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for the Borrower or for a substantial part of the property thereof and

shall not be discharged within 90 days;

(f Any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law shall be instituted by or against the Borrower, and, if instituted against the Borrower, shall have been consented to or acquiesced in by the Borrower, or shall remain undismissed for 90 days, or an order for relief shall have been entered against the Borrower, or the Borrower shall take any corporate action to approve institution of, or acquiescence in, such a proceeding;

(g Any dissolution or liquidation proceeding shall be instituted by or against the Borrower and, if instituted against the Borrower, shall be consented to or acquiesced in

by the Borrower or shall remain for 90 days undismissed, or the Borrower shall take any corporate action to approve institution of, or acquiescence in, such a proceeding;

(h judgment or judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or entity for the payment of money in excess of the sum of $20,000,000 in the aggregate shall be rendered against the Borrower (excluding the amount thereof covered by insurance) or any of the Borrower's properties and such judgment, decree or order shall remain unvacated and undischarged and unstayed for 90 consecutive days, except while being contested in good faith by appropriate proceedings;

(i The institution by the Borrower of steps to terminate any Plan if in order to effectuate such termination, the Borrower would be required to make a contribution to such Plan, or would incur a liability or obligation to such Plan, in excess of $20,000,000, or the institution by the PBGC of steps to terminate any Plan;

(j Either (A) a default shall occur under that certain Credit Agreement dated as of November 30, 1999 among NRG Energy, Inc., the banks party thereto and Australia and New Zealand Banking Group Limited, as Administrative Agent, as such agreement may from time to time be restated, amended or otherwise modified or any substitute or replacement credit agreement with respect thereto (the "LC Agreement"), and as a result of such default is (x) the termination of the commitments under the LC Agreement, (y) the Borrower is required to provide cash collateral pursuant to the LC Agreement, or (z) the bank and/or the agent under the LC Agreement exercise any right or remedy thereunder, or (B) a default in payment of any principal of or any interest aggregating $20,000,000 or more on any bond, debenture, note or other evidence of indebtedness of the Borrower or under any indenture or other instrument under which any such evidence of indebtedness has been issued or by which it is governed that has resulted in the acceleration of such indebtedness; or

(k if at any time Northern States Power Company, a Minnesota corporation, or its successors, ceases to own a majority of the outstanding Voting Stock of the Borrower.

Section 8.2 Non-Bankruptcy Defaults. When any Event of Default other than those described in subsections (e) or (f) of Section 8.1 hereof has occurred and is continuing, the Agent shall, by written notice to the Borrower: (a) if so directed by the Required Banks, terminate the remaining Commitments and all other obligations of the Banks hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Required Banks, declare the principal of and the accrued interest on all outstanding Notes to be forthwith due and payable and thereupon all outstanding Notes,

including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind. The Agent, after giving notice to the Borrower pursuant to Section 8.1(c), 8.1(d) or this Section 8.2, shall also promptly

send a copy of such notice to the other Banks, but the failure to do so shall not impair or annul the effect of such notice.

Section 8.3 Bankruptcy Defaults. When any Event of Default described in subsections (e) or (f) of Section 8.1 hereof has occurred and is continuing, then all outstanding Notes shall immediately become due and payable together with all other amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind and the obligation of the Banks to extend further credit pursuant to any of the terms hereof shall immediately terminate.

Section 8.4 [Intentionally Omitted]

Section 8.5 Notice of Default. The Agent shall give notice to the Borrower under Section 8.1(c) or 8.1(d) hereof promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

Section 8.6 Expenses. The Borrower agrees to pay to the Agent and each Bank, and any other holder of any Note outstanding hereunder, all reasonable costs and expenses incurred or paid by the Agent or such Bank or any such holder, including attorneys' fees and court costs, in connection with any Default or Event of Default by the Borrower hereunder or in connection with the enforcement of any of the Credit Documents.

SECTION 9. CHANGE IN CIRCUMSTANCES.

Section 9.1 Change of Law. Notwithstanding any other provisions of this Agreement or any Note if at any time after the date hereof any change in applicable law or regulation or in the interpretation thereof makes it unlawful for any Bank to make or continue to maintain Eurocurrency Loans or to perform its obligations as contemplated hereby, such Bank shall promptly give notice thereof to the Borrower and such Bank's obligations to make or maintain Eurocurrency Loans under this Agreement shall terminate until it is no longer unlawful for such Bank to make or maintain Eurocurrency Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected Eurocurrency Loans,together with all interest accrued thereon at a rate per annum equal to the interest rate applicable to such Loan; provided, however, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected Eurocurrency Loans from such Bank by means of Base Rate Loans from such Bank, which Base Rate Loans shall not be made ratably by the Banks but only from such affected Bank.

Section 9.2 Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, LIBOR. If on or prior to the first day of any Interest Period for any Borrowing of Loans:

(a the Agent determines that deposits in U.S. Dollars (in the applicable amounts) are not being offered to it in the federal funds or eurocurrency interbank market, as applicable, for such Interest Period, or that by reason of circumstances affecting the

federal funds or interbank eurocurrency market, as applicable, adequate and reasonable means do not exist for ascertaining the applicable

Federal Funds Rate or LIBOR; or

(b Banks having 25% or more of the aggregate amount of the Revolving Credit Commitments reasonably determine and so advise the Agent that the Federal Funds Rate or LIBOR, as applicable, as reasonably determined by the Agent will not adequately and fairly reflect the cost to such Banks or Bank of funding their or its Loans or Loan for such Interest Period;

then the Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks or of the relevant Bank to make Base Rate Loans bearing interest at the Federal Funds Rate or Eurocurrency Loans in the currency so affected, as applicable, shall be suspended.

Section 9.3 Increased Cost and Reduced Return.

(a If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of law but, if not having the force of law, compliance with which is customary in the relevant jurisdiction) of any such authority, central bank or comparable agency:

(i shall subject any Bank (or its Lending Office) to any tax, duty or other charge with respect to its Eurocurrency Loans, its Notes, or its obligation to make Eurocurrency Loans, or shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on its Eurocurrency Loans, or any other amounts due under this Agreement in respect of its Eurocurrency Loans or its obligation to make Eurocurrency Loans (except for changes in the rate of tax on the overall net income or profits of such Bank or its Lending Office imposed by the jurisdiction in which such Bank or its lending office is incorporated in which such Bank's principal executive office or Lending Office is located); or

(ii shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurocurrency Loans any such requirement included in an applicable Eurocurrency Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Lending Office) or shall impose on any Bank (or its Lending Office) or on the interbank market any other condition affecting its Eurocurrency Loans, its Notes, or its obligation to make Eurocurrency Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of making or maintaining any Eurocurrency Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Notes with respect thereto, by an amount deemed by such Bank to be material, then, within fifteen (15) days after demand by such Bank (with a copy to the Agent), the Borrower shall be obligated to pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction. In the event any law, rule,

regulation or interpretation described above is revoked, declared invalid or inapplicable or is otherwise rescinded, and as a result thereof a Bank is determined to be entitled to a refund from the applicable authority for any amount or amounts which were paid or reimbursed by Borrower to such Bank hereunder, such Bank shall, so long as no Event of Default has occurred and is then continuing, refund such amount or amounts to Borrower without interest.

(b If, after the date hereof, any Bank or the Agent shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein (including, without limitation, any revision in the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital rules heretofore adopted and issued by any governmental authority), or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law but, if not having the force of law, compliance with which is customary in the applicable jurisdiction) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital, or on the capital of any corporation controlling such Bank, as a consequence of its obligations hereunder to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction.

(c) Each Bank that determines to seek compensation under this Section 9.3 shall notify the Borrower and the Agent of the circumstances that entitle the Bank to such compensation pursuant to this Section 9.3 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 9.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

(d) If any Bank (other than ABN AMRO Bank N.V.) has demanded compensation or given notice of its intention to demand compensation under this Section 9.3 or the Borrower is required to pay any additional amount to any Bank under Section 9.3, the Borrower shall have the right, with the assistance of the Agent, to seek a substitute Bank or Banks reasonably satisfactory to the Agent (which may be one or more of the Banks) to replace such Bank under this Agreement and on the date of replacement, the Borrower shall pay all accrued interest and fees to the Bank being replaced. The Bank to be so replaced shall cooperate with the Borrower and substitute Bank to accomplish such substitution, provided that all of such Bank's Loan Commitment is replaced.

Section 9.4 Lending Offices. Each Bank may, at its option, elect to make its Loans hereunder at the branch, office or affiliate specified on the appropriate signature page hereof or in the assignment agreement which any

assignee bank executes pursuant to Section 11.12 hereof (each a "Lending Office") for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Agent.

Section 9.5 Discretion of Bank as to Manner of Funding. Notwithstanding any other provision of this Agreement, each Bank shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Bank had actually funded and maintained each Eurocurrency Loan through the purchase of deposits of U.S. Dollars in the eurocurrency interbank market having a maturity corresponding to such Loan's Interest Period and bearing an interest rate equal to LIBOR for such Interest Period.

SECTION 10. THE AGENT.

Section 10.1 Appointment and Authorization of Agent. Each Bank hereby appoints ABN AMRO Bank N.V. as the Agent under the Credit Documents and hereby authorizes the agent to take such action as Agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Credit Documents. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Bank, the holder of any Note or any other Person; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

Section 10.2 Agent and its Affiliates. The Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent, and the Agent and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the

Borrower or any Affiliate of the Borrower as if it were not the Agent under the Credit Documents. The term "Bank" as used herein and in all other Credit Documents, unless the context otherwise clearly requires, includes the Agent in its individual capacity as a Bank. References in Section 2 hereof to the Agent's Loans, or to the amount owing to the Agent for which an interest rate is being determined, refer to the Agent in its individual capacity as a Bank.

Section 10.3 Action by Agent. If the Agent receives from the Borrower a written notice of an Event of Default pursuant to Section 7.6(c)(i) hereof, the Agent shall promptly give each of the Banks written notice thereof. The obligations of the Agent under the Credit Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action hereunder with respect to any Default or Event of Default, except as expressly provided in Sections 8.2 and 8.5. In no event, however, shall the Agent be required to take any action in violation of applicable law or of any provision of any Credit Document, and the Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Credit Document unless it shall be first indemnified to its reasonable satisfaction by the Banks against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall be entitled to assume that no Default or Event of Default exists unless notified to the contrary by a Bank or the Borrower. In all cases in which this Agreement and the other Credit Documents do not require the Agent to take certain actions, the Agent shall be fully justified in using its discretion in failing to take or in taking any action hereunder and thereunder.

Section 10.4 Consultation with Experts. The Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 10.5 Liability of Agent; Credit Decision. Neither the Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection with the Credit Documents (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty or representation made in connection with this Agreement, any other Credit Document or any Credit Event; (ii) the performance or observance of any of the covenants or agreements of the Borrower or any other party contained herein or in any other Credit Document; (iii) the satisfaction of any condition specified in Section 6 hereof, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectability hereof or of any other Credit Document or of any other documents or writing furnished in connection with any Credit Document; and the Agent makes no representation of any kind or character with respect to any such matter mentioned in this sentence. The Agent may execute any of its duties under any of the Credit Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Banks, the Borrower, or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Agent shall not incur any

liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Agent shall have no responsibility for confirming the accuracy of any Compliance Certificate or other document or instrument received by it under the Credit Documents. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with the Agent signed by such payee in form satisfactory to the Agent. Each Bank acknowledges that it has independently and without reliance on the Agent or any other Bank, and based upon such information, investigations and inquiries as it deems appropriate, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Credit Documents. It shall be the responsibility of each Bank to keep itself informed as to the creditworthiness of the Borrower and any other relevant Person, and the Agent shall have no liability to any Bank with respect thereto.

Section 10.6 Indemnity. The Banks shall ratably, in accordance with their respective Percentages, indemnify and hold the Agent, and its directors, officers, employees, agents and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it under any Credit Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to be indemnified. The obligations of the Banks under this Section 10.6 shall survive termination of this Agreement.

Section 10.7 Resignation of Agent and Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation of the Agent, the Required Banks shall have the right to appoint a successor Agent with the consent of the Borrower, provided, that at any time an Event of Default has occurred and is continuing, no such consent shall be required. If no successor Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within thirty (30) days after the retiring Agent's giving of notice of

resignation, then the retiring Agent may, on behalf of the Banks, with the consent of the Borrower, appoint a successor Agent, which shall be any Bank hereunder or any commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $200,000,000. Upon the acceptance of its appointment as the Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring or removed Agent under the Credit Documents, and the retiring Agent shall be discharged from its duties and obligations thereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 10 and all protective provisions of the other Credit Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

SECTION 11. MISCELLANEOUS.

Section 11.1 Withholding Taxes.

(a) Payments Free of Withholding. Subject to Section 11.1(b) hereof, each payment by the Borrower under this Agreement or the other Credit Documents shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient). If any such withholding is so required, the Borrower shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by each Bank and the Agent free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which that Bank or the Agent (as the case may be) would have received had such withholding not been made. If the Agent or any Bank pays any amount in respect of any such taxes, penalties or interest the Borrower shall reimburse the Agent or that Bank for that payment on demand in the currency in which such payment was made. If the Borrower pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Bank or Agent on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) on or before the thirtieth day after payment. If any Bank or the Agent determines it has received or been granted a credit against or relief or remission for, or repayment of, any taxes paid or payable by it because of any taxes, penalties or interest paid by the Borrower and evidenced by such a tax receipt, such Bank or Agent shall, to the extent it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as such Bank or Agent determines is attributable to such deduction or withholding and which will leave such Bank or Agent (after such payment) in no better or worse position than it would have been in if the Borrower had not been required to make such deduction or withholding. Nothing in this Agreement shall interfere with the right of each Bank and the Agent to arrange its tax affairs in whatever manner it thinks fit nor oblige any Bank or the Agent to disclose any information relating to its tax affairs or any computations in connection with such taxes.

(b) U.S. Withholding Tax Exemptions. Each Bank that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Agent on or before the earlier of the date the initial Borrowing is made hereunder and thirty (30) days after the date hereof, two duly completed and signed copies of either Form W8BEN (relating to such Bank and entitling it to a complete exemption from withholding under the Code on all amounts to be received by such Bank, including fees, pursuant to the Credit Documents and the Loans) or Form W8ECI (relating to all amounts to be received by

such Bank, including fees, pursuant to the Credit Documents and the Loans) of the United States Internal Revenue Service. Thereafter and from time to time, each Bank shall submit to the Borrower and the Agent such additional duly completed and signed copies of one or the other of such Forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may

be (i) requested by the Borrower in a written notice, directly or through the Agent, to such Bank and (ii) required under then-current United States law or regulations to avoid or reduce United States withholding taxes on payments in respect of all amounts to be received by such Bank, including fees, pursuant to the Credit Documents or the Loans.

(c) Inability of Bank to Submit Forms. If any Bank determines, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that it is unable to submit to the Borrower or Agent any form or certificate that such Bank is obligated to submit pursuant to subsection (b) of this Section 11.1 or that such Bank is required to withdraw or cancel any such form or certificate previously submitted or any such form or certificate otherwise becomes ineffective or inaccurate, such Bank shall promptly notify the Borrower and Agent of such fact and the Bank shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

Section 11.2 No Waiver of Rights. No delay or failure on the part of the Agent or any Bank or on the part of the holder or holders of any Note in the exercise of any power or right under any Credit Document shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power or right, and the rights and remedies hereunder of the Agent, the Banks and the holder or holders of any Notes are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 11.3 Non-Business Day. If any payment of principal or interest on any Loan or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, such Loan or other Obligation bears for the period prior to maturity shall continue to accrue on such Obligation from the stated due date thereof to and including the next succeeding Business Day, on which the same shall be payable.

Section 11.4 Documentary Taxes. The Borrower agrees that it will pay any documentary, stamp or similar taxes payable in respect to any Credit Document, including interest and penalties, in the event any such taxes are assessed, irrespective of when such assessment is made and whether or not any credit is then in use or available hereunder.

Section 11.5 Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Credit Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 11.6 Survival of Indemnities. All indemnities and all other provisions relative to reimbursement to the Banks of amounts sufficient to protect the yield of the Banks with respect to the Loans, including, but not limited to, Section 2.11, Section 9.3 and Section 11.15 hereof, shall survive the termination of this Agreement and the other Credit Documents and the payment of the Loans and all other Obligations.

Section 11.7 Set-Off.

(a) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, each Bank, each Affiliate of a Bank, and each subsequent holder of any Note is hereby authorized by the Borrower at any time or from time to time, without notice to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, and in whatever currency denominated) and any other Indebtedness at any time held or owing by that Bank, its Affiliate or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of the obligations and liabilities of the Borrower to that Bank, its Affiliate or that subsequent holder under the Credit Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Credit Documents, irrespective of whether or not (a) that Bank, its Affiliate or that subsequent holder shall have made any demand hereunder or (b) the principal of or the interest on the Loans or Notes and other amounts due hereunder shall have become due and payable pursuant to Section 8 and although said obligations and liabilities, or any of them, may be contingent or unmatured.

(b) Each Bank agrees with each other Bank a party hereto that if such Bank shall receive and retain any payment, whether by set-off or application of deposit balances or otherwise, on any of the Loans in excess of its ratable share of payments on all such obligations then outstanding to the Banks, then such Bank shall purchase for cash at face value, but without recourse, ratably from each of the other Banks such amount of the Loans, or participations therein, held by each such other Bank (or interest therein) as shall be necessary to cause such Bank to share such excess payment ratably with all the other Banks; provided, however, that if any such purchase is made by any Bank, and if such excess payment or part thereof is thereafter recovered from such purchasing Bank, the related purchases from the other Banks shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest unless the purchasing Bank is required to pay interest thereon, in which case each Bank returning funds to such purchasing Bank shall pay its pro rata share of such interest.

Section 11.8 Notices. Except as otherwise specified herein, all notices under the Credit Documents shall be in writing (including telecopy or other electronic communication) and shall be given to a party hereunder at its address or telecopier number set forth below or such other address or telecopier number as such party may hereafter specify by notice to the Agent and the Borrower, given by courier, by United States certified or registered mail, or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Credit Documents to the Banks shall be addressed to their respective addresses, telecopier or telephone numbers set forth on the signature pages hereof or in the assignment agreement which any assignee bank executes pursuant to Section 11.12 hereof, and to the Borrower and to the Agent to:

If to the Borrower:

NRG Energy, Inc.

1221 Nicollet Mall
Suite 700
Minneapolis, MN 55403-2445
Attention: Treasurer
Facsimile: (612) 373-5341
Telephone: (612) 373-5306

If to the Agent:

ABN AMRO Bank
Agency Services
1325 Avenue of the Americas
9th Floor
New York, New York 10019
Attention: Linda Boardman
Facsimile: (212) 314-1712
Telephone: (212) 314-1724

With copies to:

ABN AMRO Bank N.V.
135 South LaSalle Street
Suite 710
Chicago, Illinois 60603
Attention: David B. Bryant
Facsimile: (312) 904-1466
Telephone: (312) 904-2799

ABN AMRO Bank N.V.
208 South LaSalle Street
Suite 1500
Chicago, Illinois 60604-1003
Attention: Ken Keck
Facsimile: (312) 992-5111
Telephone: (312) 992-5134

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section 11.8 or on the signature pages hereof and a confirmation of receipt of such telecopy has been received by the sender, (ii) if given by courier, when delivered, (iii) if given by mail, three business days after such communication is deposited in the mail, registered with return receipt requested, addressed as aforesaid or (iv) if given by any other means, when delivered at the addresses specified in this

Section 11.8; provided that any notice given pursuant to Section 2 hereof shall be effective only upon receipt.

Section 11.9 Counterparts. This Agreement may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument.

Section 11.10 Successors and Assigns. This Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of each of the Banks and the benefit of their respective successors and assigns, including any subsequent holder of any Note. The Borrower may not assign any of its rights or obligations under any Credit Document without the written consent of all of the Banks.

Section 11.11 Participants and Note Assignees. Each Bank shall have the right at its own cost to grant participations (to be evidenced by one or more

agreements or certificates of participation) in the Loans made and/or Revolving Credit Commitments held by such Bank at any time and from time to time, and to assign its rights under such Loans or the Note evidencing such Loans to a federal reserve bank; provided that (i) no such participation or assignment shall relieve any Bank of any of its obligations under this Agreement, (ii) no such assignee or participant shall have any rights under this Agreement except as provided in this Section 11.11, and (iii) the Agent shall have no obligation or responsibility to such participant or assignee, except that nothing herein is intended to affect the rights of an assignee of a Note to enforce the Note assigned. Any party to which such a participation or assignment has been granted shall have the benefits of Section 2.11 and Section 9.3, but shall not be entitled to receive any greater payment under either such Section than the Bank granting such participation would have been entitled to receive in connection with the rights transferred. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement that would (A) increase any Revolving Credit Commitment of such Bank if such increase would also increase the participant's obligations, (B) forgive any amount of or postpone the date for payment of any principal of or interest on any Loan or of any fee payable hereunder in which such participant has an interest or (C) reduce the stated rate at which interest or fees in which such participant has an interest accrue hereunder.

Section 11.12 Assignment of Commitments by Banks. Each Bank shall have the right at any time, with the written consent (except in the case of an assignment to (i) an Affiliate of such Bank, or (ii) another Bank) of the Borrower and Agent (which consent shall not be unreasonably withheld), to assign all or any part of its Revolving Credit Commitment (including the same percentage of its Note and outstanding Loans) to one or more other Persons; provided that such assignment is in an amount of at least $10,000,000 or the entire Revolving Credit Commitment of such Bank, and if such assignment is not for such Bank's entire Revolving Credit Commitment then such Bank's Revolving Credit Commitment after giving effect to such assignment shall not

be less than $10,000,000; and provided further that neither the consent of the Borrower nor of the Agent shall be required for any Bank to assign all or part of its Revolving Credit Commitment to any Affiliate of the assigning Bank. Each such assignment shall set forth the assignees address for notices to be given under Section 11.8 hereof hereunder and its designated Lending Office pursuant to Section 9.4 hereof. Upon any such assignment, delivery to the Agent of an executed copy of such assignment agreement and the forms referred to in Section 11.1 hereof, if applicable, and, except in the case of an assignment to an Affiliate of the assigning Bank, the payment of a $3,500 recordation fee to the Agent, the assignee shall become a Bank hereunder, all Loans and the Revolving Credit Commitment it thereby holds shall be governed by all the terms and conditions hereof and the Bank granting such assignment shall have its Revolving Credit Commitment, and its obligations and rights in connection therewith, reduced by the amount of such assignment; provided, however, in the event a Bank assigns all of its Revolving Credit Commitment to an Affiliate or at the request of the Borrower, pursuant to Section 11.13(iii), no recordation fee shall be required hereunder. Notwithstanding any other provision set forth in this Agreement, any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 11.13 Amendments. Any provision of the Credit Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is

signed by (a) the Borrower, (b) the Required Banks, and (c) if the rights or duties of the Agent are affected thereby, the Agent; provided that:

(i) no amendment or waiver pursuant to this Section 11.13 shall (A) increase any Commitment of any Bank without the consent of such Bank or (B) reduce the stated rate at which interest or fees accrue or reduce the amount of or postpone any fixed date for payment of any principal of or interest on any Loan or of any fee payable hereunder without the consent of each Bank; and

(ii) no amendment or waiver pursuant to this Section 11.13 shall, unless signed by each Bank, change this Section 11.13, or the definition of Required Banks, or affect the number of Banks required to take any action under the Credit Documents.

If the Borrower requests an amendment to this Agreement which requires the approval of all of the Banks and one of the Banks (a "Replaceable Bank") does not approve it, the Borrower may propose that another bank which is reasonably acceptable to the Agent (a "Replacement Bank") be substituted for and replace the Replaceable Bank for purposes of this Agreement. If a Replacement Bank is so substituted for the Replaceable Bank, the Replaceable Bank shall enter into an assignment agreement with the Replacement Bank, the Borrower and the Agent to assign and transfer to the Replacement Bank, the Replaceable Bank's Commitment hereunder, which shall provide, among other things, for the payment of all Obligations owing to the Replaceable Bank; provided, however, if a Replacement Bank cannot be found, then the Borrower may elect to take out the Replaceable Bank and reduce the facility accordingly by making a prepayment in the

amount of such Replaceable Bank's outstanding Loans plus all accrued and unpaid interest thereon and all fees and all other Obligations due and owing to the Replaceable Bank on the date of replacement. Notwithstanding anything to the contrary contained herein, in no event shall the Agent be a Replaceable Bank.

Section 11.14 Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 11.15 Legal Fees, Other Costs and Indemnification. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation and negotiation of the Credit Documents, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, in connection with the preparation and execution of the Credit Documents and any amendment, waiver or consent related hereto, whether or not the transactions contemplated herein are consummated. The Borrower further agrees to indemnify each Bank, the Agent, and their respective Affiliates, directors, agents, officers and employees, against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor, whether or not the indemnified Person is a party thereto) which any of them may incur or reasonably pay arising out of or relating to any Credit Document or any of the transactions contemplated thereby or the direct or indirect application or proposed application of the proceeds of any Loan other than those which arise from the gross negligence or willful misconduct of the party claiming indemnification. The Borrower, upon demand by the Agent or a Bank at any time, shall reimburse the Agent or Bank for any reasonable legal or other expenses incurred in connection with investigating or defending against any of the foregoing except if the same is directly due to the gross negligence or willful misconduct of the party to be indemnified.

Section 11.16 Entire Agreement. The Credit Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior or contemporaneous agreements, whether written or oral, with respect thereto are superseded thereby.

Section 11.17 Construction. The parties hereto acknowledge and agree that neither this Agreement nor the other Credit Documents shall be construed more favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of this Agreement and the other Credit Documents.

Section 11.18 Governing Law. This Agreement and the other Credit Documents, and the rights and duties of the parties hereto, shall be construed and determined in accordance with the internal laws of the State of New York.

Section 11.19 Submission to Jurisdiction; Waiver of Jury Trial. EACH OF THE BORROWER, EACH BANK AND THE AGENT HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF THE BORROWER, EACH BANK AND THE AGENT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF THE BORROWER, EACH BANK AND THE AGENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO ANY CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY.

[SIGNATURE PAGE FOLLOWS]

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their duly authorized officers as of the day and year first above written.

NRG ENERGY, INC.

By: /s/ Brian B. Bird

Name: Brian B. Bird
Title: Vice President & Treasurer

Commitment: $24,000,000.00

ABN AMRO BANK N.V., in its individual capacity as a Bank and as Agent

By: /s/ David B. Bryant

Name: David B. Bryant
Title: Senior Vice President

By: /s/ Steven L. Bissonnette

Name: Steven L. Bissonnette
Title: Group Vice President

Address for notices:
ABN AMRO Bank N.V.
135 South LaSalle Street
Suite 711
Chicago, Illinois 60603
Attention: David B. Bryant
Facsimile: (312) 904-6217
Telephone: (312) 904-2799

With copy to:
ABN AMRO Bank N.V.
135 South LaSalle Street
Suite 625
Chicago, Illinois 60603
Attention: Novona Dillard
Facsimile: (312) 606-8435
Telephone: (312) 904-2676

Lending Offices:

Base Rate Loans:

135 South LaSalle Street
Suite 625
Chicago, Illinois 60603
Attention: Loan Administration

Eurocurrency Loans:
Same as for Base Rate Loans

Commitment: $24,000,000.00

THE FUJI BANK, LIMITED

By: /s/ Peter L. Chinnici

Name: Peter L. Chinnici
Title: Senior Vice President & Group Head

Address for notices:

Loan Administration Department
79th floor, 2 World Trade Center
New York, NY 10048
Phone: 212-898-2008
Fax: 212-775-1460

Lending Offices:

The Fuji Bank, Limited - New York Branch
2 World Trade Center
New York, NY 10048
ABA #026009700
Base Rate Loans:

The Fuji Bank, Limited - New York Branch

Eurocurrency Loans:

50

Commitment: $24,000,000.00

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

By: /s/ Geoffery Pack
Name: Geoffery Pack
Title: SVP - Relationship Manager

Address for notices:

1177 Avenue of the Americas
New York, NY 10036
Phone: 212-801-9717
Fax: 212-566-4817

Lending Offices:

Base Rate Loans:

Australia and New Zealand Banking Group Limited

Eurocurrency Loans:

Australia and New Zealand Banking Group Limited

51

Commitment: $17,500,000.00

THE BANK OF TOKYO-MITSUBISHI,
LTD. NEW YORK BRANCH

By: /s/ Shinichi Hongo
Name: Shinichi Hongo
Title: Senior Vice President & Group Head

Address for notices:

Credit Contact
Xiaoming Song
Assistant Vice President
The Bank of Tokyo-Mitsubishi, Ltd.
New York Branch
Project Finance & Emerging Markets Group
1251 Avenue of the Americas, 10th Floor
New York, NY 10020-1104
Phone: 212-782-4387
Fax: 212-782-6442

Operations Contact
Rolando Uy
Assistant Vice President
BTM Information Services, Inc.

c/o The Bank of Tokyo-Mitsubishi, Ltd.
New York Branch
1251 Avenue of the Americas
New York, NY 10020-1104
Phone: 201-413-8570
Fax: 201-521-2304/2305

Commitment: $17,500,000.00

DEXIA CREDIT LOCAL DE FRANCE
NEW YORK AGENCY

By: /s/ James R. Miller

Name: James R. Miller
Title: General Manager
CLE NY Agency

By: /s/ Robert N. Sloan, Jr.

Name: Robert N. Sloan, Jr.
Title: Vice President

Address for notices:

Credit Local de France New York Agency
445 Park Avenue, 7th Floor
New York, NY 10022
Phone: 212-515-7008
Fax: 212-753-7522

Lending Offices:

Base Rate Loans:

Same as above.

Eurocurrency Loans:

Same as above.

Commitment: $24,000,000.00

BAYERISCHE HYPO-UND
VEREINSBANK AG, NEW YORK BRANCH

By: /s/ Steve Atwell

Name: Steve Atwell
Title: Director
Phone: 212-672-5458
Fax: 212-672-5530

By: /s/ Imke Engelmann

Name: Imke Engelmann
Title: Associate Director
Phone: 212-672-5697
Fax: 212-672-5510

Address for notices:

BAYERISCHE HYPO-UND
VEREINSBANK AG, New York Branch
150 East 42nd Street
New York, NY10017

Base Rate Loans:

BAYERISCHE HYPO-UND
VEREINSBANK AG, New York Branch
150 East 42nd Street
New York, NY 10017

Eurocurrency Loans:

BAYERISCHE HYPO-UND
VEREINSBANK AG,New York Branch
150 East 42nd Street
New York, NY 10017

Eurocurrency Lending Office:

BAYERISCHE HYPO-UND
VEREINSBANK AG, New York Branch
150 East 42nd Street
New York, NY 10017

Commitment: $24,000,000.00

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK BRANCH

By: /s/ Cheryl A. Solometo

Name: Cheryl A. Solometo
Title: Managing Director

By: /s/ Isaac Deutsch

Name: Isaac Deutsch
Title: Associate
Global Structured Finance

Address for notices:

Westdeutsche Landesbank Girozentrale
1211 Avenue of the Americas
24th Floor
New York, NY 10036
Attention: Jonathan Berman
Phone: 212-852-6291
Fax: 212-852-6273

Lending Offices
Base Rate Loans:

Westdeutsche Landesbank Girozentrale

1211 Avenue of the Americas
24th Floor
New York, NY 10036
Attention: Loan Administration

Eurocurrency Loans:

Same as for Base Rate Loans

Commitment: $24,000,000.00

COMMERZBANK
AKTIENGESELLSCHAFT NEW YORK
AND GRAND CAYMAN BRANCHES

By: /s/ J. Timothy Shortly

Name: J. Timothy Shortly
Title: Senior Vice President

By: /s/ Mark Monson

Name: Mark Monson
Title: Vice President

Address for notices:

20 South Clark Street, Suite 2700
Chicago, IL 60603
Attn: J.Timothy Shortly
Phone: 312-795-1620
Fax: 312-236-2827

Lending Offices:

Base Rate Loans:

2 World Financial Center
New York, NY 10281-1050
Attn: Al Caputo
Phone: 212-266-7694
Fax: 212-266-7772

Eurocurrency Loans:

2 World Financial Center
New York, NY 10281-1050
Attn: Al Caputo
Phone: 212-266-7694
Fax: 212-266-7772

Commitment: $24,000,000.00

CREDIT SUISSE FIRST BOSTON

By: /s/ James P. Moran

Name: James P. Moran
Title: Director

By: /s/ Thomas G. Muoio

Name: Thomas G. Muoio
Title: Vice President

Address for notices:

11 Madison Avenue
New York, NY 10010-3629

Lending Offices:

Base Rate Loans:

Jenaro Sarasola
5 World Trade Center
New York, NY 10048-0928

Eurocurrency Loans:

Jenaro Sarasola
5 World Trade Center
New York, NY 10048-0928

Commitment: $17,500,000.00

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ Derek Weir

Name: Derek Weir
Title: Vice President

Address for notices:

Wall Street Plaza
88 Pine Street, 26th Street
New York, NY 10005
Attn: Jeanne Dequar
Phone: 212-269-1700 (ext. 260)
Fax: 212-344-4065

Lending Offices:

Base Rate Loans: As above

Eurocurrency Loans: As above

Commitment: $24,000,000.00

THE SUMITOMO BANK, LTD.

By: /s/ John H. Kemper

Name: John H. Kemper
Title: Senior Vice President

Address for notices:

The Sumitomo Bank, Ltd.
277 Park Avenue
New York, NY 10172
Attn: Noel Swift
Phone: 212-224-4185
Fax: 212-224-5197

Lending Offices:

Base Rate Loans:

Same as above.

Eurocurrency Loans:

Same as above.

Commitment: $24,000,000.00

THE BANK OF NOVA SCOTIA

By: /s/ M.D. Smith

Name: M.D. Smith
Title: Agent - Operations

Address for notices:

The Bank of Nova Scotia
600 Peachtree Street, N.E.
Suite 2700
Atlanta, GA 30303
Attn: George Wong
Phone: 404-877-1556
Fax: 404-888-8998

Lending Offices:

Base Rate Loans:

The Bank of Nova Scotia
600 Peachtree Street, N.E.
Suite 2700
Atlanta, GA 30303
Attn: George Wong
Phone: 404-877-1556
Fax: 404-888-8998

Eurocurrency Loans:

The Bank of Nova Scotia
600 Peachtree Street, N.E.
Suite 2700
Atlanta, GA 30303
Attn: George Wong
Phone: 404-877-1556
Fax: 404-888-8998

Commitment: $17,500,000.00

DEUTSCHE BANK AG
New York and Cayman Islands Branches

By: /s/ Catherine Ruhland
Name: Catherine Ruhland
Title: Vice President

By: /s/ Alexander Karow
Name: Alexander Karow
Title: Asst. Vice President

Address for notices:

Deutsche Bank AG
New York Branch
Global Banking Division
31 West 52nd Street
New York, NY 10019
Attn: Christopher Hall
Phone: 212-469-8223
Fax: 212-469-8212

Lending Offices:

Base Rate Loans:

Duetsche Bank AG
New York Branch
1251 Avenue of the Americas
25th Floor
New York, NY 10019
Attn: Carmel Melendez
Phone: 212-469-4008
Fax: 212-469-4139

Eurocurrency Loans:

Same as for Base Rate Loans

Commitment: $24,000,000.00

SOCIETE GENERALE

By: /s/ Jose A. Moreno
Name: Jose A. Moreno
Title: Director

Address for notices:

Societe Generale
1221 Avenue of the Americas
New York, NY 10020

Lending Offices: Societe Generale
New York Branch

Base Rate Loans:

Societe Generale
New York Branch

Eurocurrency Loans:

Societe Generale
New York Branch

Commitment: $24,000,000.00

CIBC INC.

By: CIBC World Markets Corp.,
as Agent

By: /s/ M. Sanjeeva Senanayake

Name: M. Sanjeeva Senanayake
Title: Executive Director

Address for notices:

CIBC Inc.
2727 Paces Ferry Road
Suite 1200
Atlanta, GA 30339

Lending Offices:

CIBC Inc.
2727 Paces Ferry Road
Suite 1200
Atlanta, GA 30339

Base Rate Loans:

CIBC Inc.
2727 Paces Ferry Road
Suite 1200
Atlanta, GA 30339

Eurocurrency Loans:

CIBC Inc.
2727 Paces Ferry Road
Suite 1200
Atlanta, GA 30339

Commitment: $24,000,000.00

FLEET NATIONAL BANK

By: /s/ R. Steve Schauer

Name: R. Steve Schauer
Title: Director

Address for notices:

Fleet National Bank
100 Federal Street, MA DE 10008 D
Boston, MA 02110
Attn: R. Steve Schauer
Phone: 617-434-8419
Fax: 617-434-3652

Lending Offices:

Base Rate and Eurocurrency Loans:

Fleet National Bank
100 Federal Street, MA DE 10008 B
Boston, MA 02110

Attn: John Cannon
Phone: 617-434-9820
Fax: 617-434-9627

Commitment: $24,000,000.00

THE CHASE MANHATTAN BANK

By: /s/ Robert W. Mathews
Name: Robert W. Mathews
Title: Vice President

Address for notices:

1 Chase Manhattan Plaza
8th Floor
New York, NY 10081
Attn: Lynette Lang
Phone: 212-552-7692
Fax: 212-552-5777

Lending Offices:

Base Rate Loans:

1 Chase Manhattan Plaza
8th Floor
New York, NY 10081
Attn: Lynette Lang
Phone: 212-552-7692
Fax: 212-552-5777

Eurocurrency Loans:

1 Chase Manhattan Plaza

8th Floor
New York, NY 10081
Attn: Lynette Lang
Phone: 212-552-7692
Fax: 212-552-5777

Commitment: $17,500,000.00

ING (U.S.) CAPITAL LLC

By: /s/ Jose A. Torres Monllor

Name: Jose A. Torres Monllor
Title: Vice President

By: /s/ Stephen E. Fischer

Name: Stephen E. Fischer
Title: Managing Director

Address for notices:

ING Barings
Utilities / Project Finance & Advisory
55 East 52nd Street
New York, NY 10055
Phone: 212-409-0406
Fax: 212-486-4636 / 212-409-1091

Lending Offices:

Base Rate Loans:

ING (U.S.) Capital LLC
c/o ING Barings
55 East 52nd Street
New York, NY 10055

Eurocurrency Loans:

ING (U.S.) Capital LLC
c/o ING Barings
55 East 52nd Street
New York, NY 10055

Commitment: $24,000,000.00

BANK OF AMERICA, N.A.

By: /s/ Michelle A. Schoenfeld

Name: Michelle A. Schoenfeld
Title: Vice President

Address for notices:

Bank of America, N.A.
901 Main Street - 14th Floor
Dallas, TX 75202

Lending Offices:

Base Rate Loans:

Bank of America, N.A.
901 Main Street - 14th Floor
Dallas, TX 75202

Eurocurrency Loans:

Bank of America, N.A.
901 Main Street - 14th Floor
Dallas, TX 75202

Commitment: $17,500,000.00

DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES

By: /s/ Thomas E. Lake

Name: Thomas E. Lake
Title: Vice President

By: /s/ Robert J. Preminger

Name: Robert J. Preminger
Title: Assistant Vice President

Address for notices:

75 Wall Street
New York, NY 10005-2889
Phone: 212-429-2226
Fax: 212-429-2192

Lending Offices:

Base Rate Loans:

Dresdner Bank AG, New York Branch
75 Wall Street
New York, NY 10005-2889

Eurocurrency Loans:

Dresdner Bank AG, New York Branch
75 Wall Street
New York, NY 10005-2889

Commitment: $17,500,000.00

BARCLAYS BANK PLC

By: /s/ Sydney G. Dennis

Name: Sydney G. Dennis
Title: Director

Credit Contact:
Sydney G. Dennis
Director
Barclays Bank PLC
New York, NY 10038
Phone: 212-412-2470
Fax: 212-412-6709

Operations Contact:
Marsha L. Hamlette
Barclays Bank PLC
New York, NY 10038
Phone: 212-412-4081
Fax: 212-412-5306

Lending Offices:

Base Rate Loans:

Barclays Bank PLC
222 Broadway
New York, NY 10038

Eurocurrency Loans:

Barclays Bank PLC
Nassau Branch
c/o Barclays Bank PLC
222 Broadway
New York, NY 1003

Commitment $24,000,000.00

CITICORP USA INC.

By: /s/ Dhayalini Ranganathan

Name: Dhayalini Ranganathan
Title: Vice President

Address for notices:

Citicorp, USA
2 Penn's Way

Suite 200
New Castle, DE 19720
Attn: David Chiu
Phone: 302-894-6084
Fax: 302-894-6120

Lending Offices:

Base Rate Loans:

Citicorp, USA
2 Penn's Way
Suite 200
New Castle, DE 19720
Attn: David Chiu
Phone: 302-894-6084
Fax: 302-894-6120

Eurocurrency Loans:

Citicorp, USA
2 Penn's Way
Suite 200
New Castle, DE 19720
Attn: David Chiu
Phone: 302-894-6084
Fax: 302-894-6120

Commitment: $17,500,000.00

PARIBAS

By: /s/ Dan Cozine

Name: Dan Cozine
Title: Managing Director

Address for notices:

CREDIT:

Paribas
787 7th Avenue
New York, NY 10019
Attn: Mr. Maxime Simon
Phone: 212-841-2731
Fax: 212-841-2555

OPERATIONS:
Domestic and Eurodollar Lending Office:

Paribas
787 7th Avenue
New York, NY 10019
Attn: Ms. Tecla Hurley
Phone: 212-841-2624

EXHIBIT A

NOTE

March 10, 2000

For Value Received, the undersigned, NRG Energy, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of (the "Bank") on the Termination Date of the hereinafter defined Credit Agreement, at the principal office of ABN AMRO Bank N.V., Chicago Branch, in Chicago, Illinois, in U.S. Dollars, the aggregate unpaid principal amount of all Loans made by the Bank to the Borrower pursuant to the Credit Agreement, together with interest on the principal amount of each Loan from time to time outstanding hereunder at the rates, and payable in the manner and on the dates, specified in the Credit Agreement.

The Bank shall record on its books or records or on a schedule attached to this Note, which is a part hereof, each Loan made by it pursuant to the Credit Agreement, together with all payments of principal and interest and the principal balances from time to time outstanding hereon, whether the Loan is a Base Rate Loan or a Eurocurrency Loan, the interest rate and Interest Period applicable thereto, provided that prior to the transfer of this Note all such amounts shall be recorded on a schedule attached to this Note. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be prima facie evidence of the same, provided, however, that the failure of the Bank to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it pursuant to the Credit Agreement together with accrued interest thereon.

This Note is one of the Notes referred to in the 364-Day Revolving Credit Agreement dated as of March 10, 2000, among the Borrower, ABN AMRO Bank N.V., as Agent, and the Banks party thereto (the "Credit Agreement"), and this Note and the holder hereof are entitled to all the benefits provided for thereby or referred to therein, to which Credit Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Credit Agreement. This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

Prepayments may be made hereon and this Note may be declared due prior to the expressed maturity hereof, all in the events, on the terms and in the manner as provided for in the Credit Agreement.

The Borrower hereby waives demand, presentment, protest or notice of any kind hereunder.

NRG ENERGY, INC.

By:
Name: Brian B. Bird
Title: Vice President & Treasurer

EXHIBIT B

COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished to ABN AMRO Bank N.V., as Agent pursuant to the 364-Day Revolving Credit Agreement (the "Credit Agreement") dated as of March 10, 2000, by and among NRG Energy, Inc., the financial institutions from time to time party thereto and ABN AMRO Bank N.V., as Agent. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

The undersigned hereby certifies that:

1. I am the duly elected or appointed _____ of NRG Energy, Inc.;

2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of NRG Energy, Inc. and its Subsidiaries during the accounting period covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or an Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below; and

4. Schedule B-1 attached hereto sets forth financial data and computations evidencing compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct. All computations are made in accordance with the terms of the Credit Agreement.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in Schedule 1 hereto and the financial statements delivered with this Compliance Certificate in support hereof

are made and delivered this _____ day of _____, _____,

73

COMPLIANCE CERTIFICATE

SCHEDULE B-1

COMPLIANCE CALCULATIONS FOR CREDIT AGREEMENT

CALCULATION AS OF , 19

A. Liens (Section 7.9)

1. Total Liens $

(Line A1 not to exceed 10% of Consolidated Net Tangible Assets)

B. Sale of Assets (Section 7.11)

1 . Net book value of assets sold

during this fiscal year $

(Line B1 not to exceed 10% of Consolidated Net Tangible Assets)

C. Consolidated Net Worth (Section 7.12)

1. Consolidated stockholders equity $

2. Less currency translation account $

3. Consolidated Net Worth

(Line C1 minus Line C2) $

D. Consolidated Capitalization

1. Consolidated Net Worth (Line C3) $

2. Indebtedness of the Borrower $

3. Consolidated Capitalization

(Sum of line D1 and D2) $

E. Indebtedness to Consolidated Capitalization

1. Indebtedness of the Borrower $
---

2. 50% of Indebtedness of Borrower consisting of performance guarantees under which demand has not been made
$
---

3. Adjusted Indebtedness of Borrower (line E1-E2) $
---

4. Consolidated Capitalization (line D3) $ _____

5. Ratio of Adjusted Indebtedness of Consolidated Capitalization to (Line E3 to E4) (ratio not to exceed 0.68 to 1.00 ---- ---- unless a Non-Conforming Period, in which case ratio can not exceed 0.72 to 1.00)

EXHIBIT C

FORM OF LEGAL OPINION OF COUNSEL TO THE BORROWER

MARCH 10, 2000

ABN AMRO Bank N.V.,
in its individual capacity as
a Bank and as Agent
135 South LaSalle Street
Suite 711

Chicago, Illinois 60603

Ladies and Gentlemen:

I am Vice President and General Counsel of NRG Energy, Inc., a Delaware corporation ("Borrower"), and have represented the Borrower in connection with the transactions to be effected pursuant to the terms and conditions of that certain 364-Day Revolving Credit Agreement dated as of the date hereof among the Borrower, the Banks party thereto and ABN AMRO Bank, N.V., individually as a Bank and as Agent (the "Credit Agreement").

This opinion is delivered to you pursuant to Section 6.1(a) of the Credit Agreement. Capitalized terms used in this opinion and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

In connection with this opinion I have examined:

A. the Credit Agreement;

B. the Notes; and

C. the Fee Letter.

The foregoing documents, together with the other documents executed and delivered by the Borrower to the Agent in connection with the Credit Agreement, are sometimes referred to herein as the "Loan Documents."

I have also examined such corporate documents and records of the Borrower and such certificates of public officials and officers of the Borrower as I have deemed necessary or appropriate for purposes of rendering this opinion. In stating my opinion, I have assumed the genuineness of all signatures (except the Borrower), the authority of persons signing the Loan Documents on behalf of all parties thereto (except the Borrower), the authenticity of all documents submitted to us as originals and the conformity to authentic original

documents of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, and subject to the qualifications set forth herein, we are of the opinion that:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

2. The Borrower has the corporate power and authority to execute, deliver and perform the Loan Documents and all corporate action necessary to authorize the execution, delivery and performance of the Loan Documents has been taken.

3. The Loan Documents have been duly executed and delivered on behalf of the Borrower and constitute valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors or the application of general principles of equity (whether considered in a proceeding in equity or at law).

4. The Execution, delivery and performance by the Borrower of the Loan Documents do not: (i) result in a breach or other violation of any of the terms, conditions or provisions of any indenture, loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which it or any of its properties may be bound; (ii) result in a breach or other violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court or other governmental authority or instrumentality to which the Borrower is subject; or (iii) result in the creation or imposition of any lien, charge, security interest or encumbrance upon any property of the Borrower under any indenture, loan or credit agreement or any other material agreement, lease, instrument, order, writ, injunction or decree referred to in clauses (i) and (ii) above; where any such breach, violation or lien could have a Material Adverse Effect. The execution, delivery and performance by the Borrower of the Loan Documents and the transactions contemplated thereby do not result in a breach or other violation of any of the terms, conditions or provisions of any applicable federal, or Delaware statute or regulation where such breach or violation could have a Material Adverse Effect.

5. Except as set forth on Schedule 5.5 to the Credit Agreement, no judgments are outstanding against the Borrower, nor is there pending or, to the best of our knowledge, threatened, any litigation, investigation, contested claim or governmental proceeding by or against the Borrower which could have a Material Adverse Effect.

6. Neither the Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended. No approvals by the SEC under the Public Utility Holding Company Act of 1935, as amended ("PUHCA") are required in connection with the execution by the Borrower of the Loan Documents or the performance by the Borrower of any of the transactions contemplated thereby.

7. No authorization, consent, license, order or approval of, or other action by, any governmental authority is required to be obtained or made in connection with the due execution, delivery and performance of the Loan Documents.

8. I am a member of the bar of the State of Minnesota, and I am not licensed to practice in the States of Delaware or New York. I express no opinion on the law of any other jurisdiction other than the State of Minnesota and the provisions of the Delaware General Corporation Law and the federal laws of the United States applicable therein or thereto. The opinions expressed herein are based upon the law and circumstances as they are in effect or exist on the date hereof, and I assume no obligation to revise or supplement this letter in the event of future changes in the law or interpretations thereof with respect to circumstances or events that may occur subsequent to the date hereof. I express no opinion as to the effect of the laws of any other jurisdiction.

For purposes of the opinion rendered in paragraph 3, I have assumed that the laws of the State of New York are substantially the same as the laws of the State of Minnesota.

Minnesota Statutes '290.371, Subd. 4, provides that any corporation required to file a Notice of Business Activities Report does not have a cause of action upon which it may bring suit under Minnesota law unless the corporation has filed a Notice of Business Activities Report and provides that the use of the courts of the State of Minnesota for all contracts executed and all causes of action that arose before the end of any period for which a corporation failed to file a required report is precluded. Insofar as our opinion may relate to the valid, binding and enforceable character of any agreement under Minnesota law or in a Minnesota court, we have assumed that any party seeking to enforce such agreement has at all times been, and will continue at all times to be, exempt from the requirement of filing a Notice of Business Activities Report or, if not exempt, has duly filed, and will continue to duly file, all Notice of Business Activities Report or, if not exempt, has duly filed, and will continue to duly file, all Notice of Business Activities Reports.

This opinion is furnished by me as General Counsel of the Borrower to you pursuant to the Agreement. This opinion is solely for your benefit and may not be relied upon by any other person or by you in any other context. This opinion may not be quoted, in whole or in part, or copies hereof furnished, to any other person without my prior express written consent.

Very truly yours,

SCHEDULE 1
PRICING GRID

Level	If the Borrower's Senior Unsecured Debt Rating Is (Moody's/S&Ps, Respectively)	The Annual Facility Fee is:	If the Utilization is equal to or less than 33%, the Eurocurrency Margin is:	If the Utilization is greater than 33% but less than or equal to 66%, the Eurocurrency Margin is:	If the Utilization is greater than 66%, the Eurocurrency Margin is:	If the Utilization is equal to or less than 33%, the Base Rate Margin is:	If the Utilization is greater than 33% but less than or equal to 66%, the	If the Utilization is greater than 66%, the Base Rate Margin is:

							Base Rate Margin is:	
I	Greater than or equal to A3/A-	0.10%	0.400%	0.475%	0.525%	0.000%	0.075%	0.125%
II	Below Level I, but greater than or equal to Baa1/BBB+	0.125%	0.500%	0.575%	0.625%	0.000%	0.075%	0.125%
III	Below Level II, but greater than or equal to Baa2/BBB	0.150%	0.600%	0.725%	0.850%	0.000%	0.125%	0.250%
IV	Below Level III, but greater than or equal to Baa3/BBB-	0.175%	0.825%	0.950%	1.075%	0.000%	0.125%	0.250%
V	Below Level IV	0.375%	1.375%	1.500%	1.625%	0.000%	0.125%	0.250%

provided, that (A) the Facility Fee shall be increased by 0.075% over the Facility Fee set forth in the above grid during any Non-Conforming Period and (B) the Eurocurrency Margins and the Base Rate Margins shall be increased by 0.175% over the Eurocurrency Margins and the Base Rate Margins set forth in the above grid during any Non-Conforming Period.

Any change in Rating (and in any fees or interest payable hereunder based on Ratings) shall be effective as of the date on which S&P or Moody's, as the case may be, announces the applicable change in such Rating. Any change in the Utilization shall be effective as of the date of such change. In the event of a split rating, the lower rating shall prevail. In the event no Rating is in effect, Level V pricing shall prevail unless otherwise agreed by the Required Banks.

SCHEDULE 5.2

SUBSIDIARIES

SUBSIDIARY NAME	STATE OF INCORPORATION/ FORMATION
Cobee Holdings Inc.	Delaware
Elk River Resource Recovery, Inc.	Minnesota
Graystone Corporation	Minnesota
NEO Corporation	Minnesota
Northeast Generation Holding LLC	Delaware
NRG Affiliate Services Inc.	Delaware
NRG Asia-Pacific, Ltd.	Delaware
NRG Cabrillo I Inc.	Delaware
NRG Cabrillo II Inc.	Delaware
NRG Cadillac Inc.	Delaware
NRG Central U.S. LLC	Delaware
NRG Connecticut Affiliate Services Inc.	Delaware
NRG del Coronado Inc.	Delaware

NRG Eastern LLC	Delaware
NRG El Segundo Inc.	Delaware
NRG Energy Center, Inc.	Minnesota
NRG Energy Jackson Valley I, Inc.	California
NRG Energy Jackson Valley II, Inc.	California
NRG International Services Company	Delaware
NRG International Development Inc.	Delaware
NRG International, Inc.	Delaware
NRG Lakefield Inc.	Delaware
NRG Latin America Inc.	Delaware
NRG Long Beach Inc.	Delaware
NRG Mextrans Inc.	Delaware
NRG Northeast Affiliate Services Inc.	Delaware
NRG Operating Services, Inc.	Delaware
NRG PacGen Inc.	Delaware
NRG Parlin Inc.	Delaware

NRG Pittsburgh Thermal Inc.	Delaware
NRG Power Marketing Inc.	Delaware
NRG San Diego Inc.	Delaware
NRG San Francisco Thermal Inc.	Delaware
NRG Services Corporation	Delaware
NRG Sunnyside Operations GP Inc.	Delaware
NRG Sunnyside Operations LP Inc.	Delaware
NRG Thermal Corporation	Delaware
NRG West Coast Inc.	Delaware
NRG Western Affiliate Services Inc.	Delaware
O Brien Cogeneration, Inc. II	Delaware
Okeechobee Power I, Inc.	Delaware
Okeechobee Power II, Inc.	Delaware
Okeechobee Power III, Inc.	Delaware
Power Operations, Inc.	Delaware
San Joaquin Valley Energy I, Inc.	California
San Joaquin Valley Energy IV, Inc.	California
Scoria Incorporated	Minnesota
South Central Generation Holding LLC	Delaware

SCHEDULE 5.5

LITIGATION/GOVERNMENTAL PROCEEDINGS SUMMARY

Sunnyside

NRG Energy, Inc. (the "Company") and its subsidiary NRG Sunnyside, Inc., along with certain other parties, are plaintiffs in an action filed on May 2, 1996 in the Seventh District Court for Carbon County, Utah, against Environmental Power Corporation, Sunnyside Power Corporation, Kaiser Systems, Inc. and Kaiser Power of Sunnyside, Inc. in connection with a Purchase and Sale Agreement by and among the plaintiffs and defendants. The plaintiffs are seeking damages for breach of certain representations and warranties and indemnification obligations included in the Purchase and Sale Agreement, as well as a declaration that the related Promissory Note executed by NRG Sunnyside, Inc. is subject to NRG Sunnyside Inc.'s defenses and/or setoffs for any and all claims arising under or in connection with the Purchase and Sale Agreement, thereby reducing the principal amount due under said note to zero.

The defendants have filed an answer denying liability and asserting counterclaims against plaintiffs, seeking an award of unspecified compensatory and punitive damages and the entry of a preliminary permanent injunction requiring the plaintiffs to pay the entire balance of the Promissory Note ($1,750,000) plus interest at a rate of 13 percent. The plaintiffs deny the defendants' counterclaims and have prosecuted their action and contested the case vigorously.

On January 5, 2000, the trial court ruled against defendants' motion for partial summary judgment regarding charges of power purchase agreement breach by plaintiffs. On January 14, 2000, the trial court ruled against plaintiffs' motion for summary judgment on certain breach of contract claims. Both parties have submitted proposed orders to the trial court, and are awaiting the court's ruling.

Lauren Graves, et al. v Oliver J. McConnell

In April 1998 plaintiff commenced an action in Hennepin County (Minnesota) District Court, on behalf of the next of kin of Robert Graves. In the Complaint, plaintiff alleges that defendant's conduct on the job resulted in her husband's death on February 4, 1996. In January 1999, plaintiff amended the complaint to add Harold Thomas as a named defendant. In July 1999 plaintiff dismissed her claims against Mr. McConnell, and the action continued against the lone remaining defendant, Harold Thomas. The Company has assumed the cost of defense of this case since Mr. McConnell and Mr. Thomas were employees of a wholly-owned subsidiary of the Company acting within the scope of their employment at the time of the accident giving rise to the lawsuit. In August 1999 the trial court granted defendant's motion for summary judgment and dismissed the case. Plaintiff

has appealed the grant of summary judgment. Defendant's brief in response was filed on January 12, 2000. Oral argument is scheduled for March 15, 2000.

Fortistar

On or about July 12, 1999, Fortistar Capital, Inc. ("Fortistar") commenced an action against the Company in Hennepin County (Minnesota) District Court, seeking damages in excess of $100 million and an order restraining the Company from consummating the acquisition of Niagara Mohawk Power Corporation's Oswego generating station. Fortistar's motion for a temporary restraining order was denied. A temporary injunction hearing was held on September 27, 1999. The acquisition of the Oswego station was consummated in October 1999. On January 14, 2000, the court denied Fortistar's request for a temporary injunction. The Company has asserted numerous counterclaims against Fortistar and intends to vigorously defend the suit.

New York Environmental Investigation

On October 12, 1999 the Company received a letter from the Office of the Attorney General of the State of New York alleging that, based on a preliminary analysis, it believes that major modifications were made to the Huntley and Dunkirk generating stations during the period of their ownership by Niagara Mohawk Power Corporation without obtaining certain air permits. The letter requested documents relating to historic maintenance, repair and replacement work at these facilities, as well as other data relating to operations and emissions from these facilities. On January 12, 2000, we received a formal request from the New York Department of Environmental Conservation ("NYDEC") seeking essentially the same documents covered by the Attorney General's request. It is the Company's understanding that the NYDEC request supersedes the Attorney General's request. Although the Company does not have knowledge at this time that Niagara Mohawk Power Corporation did not comply with the preconstruction permit requirements at the Huntley and Dunkirk facilities, the Company has only owned these facilities for a short time and has only recently initiated steps to investigate more fully allegations to the contrary. Accordingly, the Company cannot predict the outcome of this investigation. If it is determined that these facilities did not comply with the permit programs, the Company could be required, among other things, to install expensive pollution control technology to control emissions from the Dunkirk and Huntley facilities.

LABOR DISPUTE SUMMARY

None.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTS

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-93055) of NRG Energy, Inc. of our report dated March 17, 2000 relating to the financial statements and Financial Statement Schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
March 29, 2000

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This schedule contains financial information extracted from the December 31, 1999 Financial Statements included in the Company's Form 10-K and is qualified in its entirety by reference to such Form 10-K.
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[WEDIT DELOITTE & TOUCHE LETTERHEAD]

EXHIBIT 99.1

Halle, March 13, 2000

Mitteldeutsche Braun-
kohlengesellschaft mbH,
Theissen

Report on the audit of the financial statements for the years ended December 31, 1999, 1998 and 1997 in accordance with German GAAP and on the audit of the respective U.S. GAAP reconciliations

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
MIBRAG mbH
Theissen, Germany

We have audited the accompanying consolidated balance sheets of Mitteldeutsche Braunkohlengesellschaft mbH and its subsidiaries (MIBRAG or Group) as of December 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1999. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Germany and the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MIBRAG as of December 31, 1999 and 1998, and the consolidated results of its operations and cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with accounting principles generally accepted in Germany.

Generally accepted accounting principles in Germany vary in certain significant respects from generally accepted accounting principles in the United States of America. Application of generally accepted accounting principles in the United States of America would have affected the results of operations for each of the years in the three-year period ended December 31, 1999 and shareholders' equity as of December 31, 1999 and 1998 to the extent summarized in Note C to the consolidated financial statements.

Deloitte & Touche GmbH
Wirtschaftsprufungsgesellschaft

Halle, Germany
March 13, 2000

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MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS DM)

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Sales revenue	496,832	470,411	533,025
Changes in inventories	21,693	5,073	23,826
Capitalized own services	6,407	16,002	11,046
Other operating income	36,177	66,785	49,520

Total performance	561,109	558,271	617,417
Cost of materials	116,154	108,866	125,266
Personnel expenses	195,945	209,997	227,632
Depreciation on intangible and tangible fixed assets	101,026	148,413	166,949
Other operating expenses	130,450	147,131	169,557
Total operating expenses	543,575	614,407	689,404
Operating result	17,534	(56,136)	(71,987)
Income from associated company and from companies in which participations are held	1,945	3,384	10,046
Income from financial assets	6,191	6,339	8,392
Depreciation on financial assets and short term investments	-	(195)	-
Interest expense, net	(15,967)	(10,771)	(1,405)
Net income (loss) from ordinary activities	9,703	(57,379)	(54,954)
Property tax	1,913	2,086	1,086
Net income (loss)	7,790	(59,465)	(56,040)

See accompanying Notes to Consolidated Financial Statements,

MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS DM)

		AT DECEMBER 31,	
	NOTE	1999	1998
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Concessions, trade marks, patents and licenses	B, E	18,395	19,896
Property, plant and equipment			
1. Land	B, E	71,647	73,886
2. Buildings	B, E	102,606	113,971
3. Strip mines	B, E	80,568	81,549
4. Technical equipment and machinery	B, E	366,937	327,124
5. Factory and office equipment	B, E	36,750	37,324
6. Payments on account and assets under construction		149,728	102,378
		808,236	736,232
Financial assets			
1. Participations (including associated company)	B, F	24,442	26,201
2. Loans granted to participation	B, G	14,667	15,400
3. Other loans	B, H	69,400	75,700
		108,509	117,301
TOTAL NON-CURRENT ASSETS		935,140	873,429

Overburden	B, I	315,961	298,938
CURRENT ASSETS			
Inventories			
1. Raw materials and supplies	B	10,205	8,041
2. Unfinished services	B	173	-
3. Finished and trade goods	B	6,313	1,816
		16,691	9,857
Receivables and other assets			
1. Trade receivables	B, J	91,586	67,490
2. Receivables from enterprises in which participations are held	B	2,716	2,997
3. Other assets	B	25,690	39,331
		119,992	109,818
Investments			
Other investments	B, K	132,390	245,813
Cash	B	25,447	40,023
TOTAL CURRENT ASSETS		294,520	405,511
Prepaid expenses	B	6,648	6,642
TOTAL ASSETS		1,552,269	1,584,520

See accompanying Notes to Consolidated Financial Statements

MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS DM)

		AT DECEMBER 31,	
	NOTE	1999	1998
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Subscribed capital		60,000	60,000
Capital reserve		631,346	631,346
Net income carryforward		50	50
Net loss for the year		(3,586)	-
Minority interest		(87,315)	(83,516)
thereof net income for the year: DM 11.375.830,02			
TOTAL SHAREHOLDERS' EQUITY		600,495	607,880
Special item for investment subsidies and incentives	B	32,409	40,691
Provisions			
1. Accruals for pensions and similar obligations	L	13,006	9,714
2. Taxation accruals	M	2,575	3,936
3. Environmental ("Altlasten") and mining provisions	B, N	334,829	334,872
4. Other accruals	O	35,785	46,973
		386,195	395,495
Liabilities			
1. Liabilities to banks	B, P, Q	443,368	445,958
2. Downpayments received	B, Q	103	-
3. Trade payables	B, Q	47,078	51,501
4. Payables to participations	B, Q	4,876	2,843
5. Other payables	B, Q	37,745	40,144
		533,170	540,446
Deferred income		-	8

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,552,269	1,584,520

See accompanying Notes to Consolidated Financial Statements

MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
CONSOLIDATED STATEMENTS OF CASH FLOW
(IN THOUSANDS DM)

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Cash flows from operating activities:			
Net income (loss) for the year	7,790	(59,464)	(56,040)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization intangible and tangible assets	101,026	148,413	166,949
Write-up of tangible assets	(2,882)	0	0
Planned release of the special item for investment subsidies and incentives	(3,788)	(4,423)	(10,439)
Loss on disposal of non-current assets	4,392	1,075	770
Change in assets and liabilities:			
Overburden	(17,023)	(7,000)	(22,090)
Inventories	(6,833)	3,991	(3,483)
Receivables and other assets	(10,173)	6,434	26,389
Accruals	(9,299)	(30,291)	(11,640)
Liabilities	(9,093)	(7,608)	(37,009)
Other prepaid and deferred items	(15)	133	(239)
CASH PROVIDED BY OPERATING ACTIVITIES	54,102	51,260	53,168
Cash flows from investing activities:			
Capital expenditures	(176,449)	(198,566)	(148,512)
Additions to the special item for investment subsidies and incentives	0	0	10,540
Proceeds from disposal of long-term investments and other non-current assets	12,114	30,254	41,668
Proceeds from disposal of available-for-sale securities	122,960	0	0
Purchase of available-for-sale securities	(9,538)	(27,263)	(28,272)
CASH USED FOR INVESTING ACTIVITIES	(50,913)	(195,575)	(124,576)
Cash flows from financing activities:			
Change in equity:			
Distributions	0	(4,950)	(4,950)
Withdrawal by MI KG investors	(15,175)	(14,191)	(23,775)
Investors capital contribution	0	0	50
Increase in loans	20,000	121,249	34,523
Redemption of loans	(22,590)	(21,348)	(14,552)
CASH USED FOR/PROVIDED BY FINANCING ACTIVITIES	(17,765)	80,760	(8,704)
NET DECREASE IN CASH	(14,576)	(63,555)	(80,112)
CASH AT BEGINNING OF YEAR	40,023	103,578	183,690
CASH AT YEAR-END	25,447	40,023	103,578

See accompanying Notes to Consolidated Financial Statements

MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS DM)

	Subscribed capital	Capital reserve	Balance sheet profit/ net profit	Minority interest	Total
BALANCE AS OF JANUARY 1, 1997	60,000	730,208	0	(19,007)	771,201
Net loss 1997			(35,609)	(20,431)	(56,040)
Transfer from capital reserve		(40,609)	40,609		0
Distributions			(4,950)		(4,950)
Contributions		50			50
Withdrawals by minority shareholders				(23,775)	(23,775)
BALANCE AS OF DECEMBER 31, 1997	60,000	689,649	50	(63,213)	686,486
Net loss 1998			(53,353)	(6,112)	(59,465)
Transfer from capital reserve		(58,303)	58,303		0
Distributions			(4,950)		(4,950)
Withdrawals by minority shareholders				(14,191)	(14,191)
BALANCE AS OF DECEMBER 31, 1998	60,000	631,346	50	(83,516)	607,880
Net profit/loss 1999			(3,586)	11,376	7,790
Withdrawals by minority shareholders				(15,175)	(15,175)
BALANCE AS OF DECEMBER 31, 1999	60,000	631,346	(3,536)	(87,315)	600,495

See accompanying Notes to Consolidated Financial Statements

MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF DM)

NOTE A ORIGINATION AND NATURE OF BUSINESS

ORIGINATION: Mitteldeutsche Braunkohlengesellschaft mbH ("MIBRAG" or "MIBRAG mbH") was created from split-up of MIBRAG AG, previously owned by the Treuhandanstalt (the German government privatization agency), into three separate entities. Effective January 1, 1994 a consortium comprised of NRG Energy, Inc., Morrison Knudsen Corporation, and PowerGen plc. jointly acquired 99 % of the active mining, power generation and related assets and liabilities from the Treuhandanstalt through its Dutch holding company, MIBRAG B.V.. The remaining 1 % was transferred on December 18, 1996 from the German government privatization agency to Lambique Beheer B.V., Amsterdam, a subsidiary of NRG Energy, Inc., Morrison Knudsen B.V., Amsterdam, and PowerGen Netherlands B.V., Amsterdam in equal portions (1/3 %) for each partner.

NATURE OF BUSINESS: The operations of MIBRAG mbH include two open-cast brown coal mines in Profen and Schleenhain and rights to future mining reserves. MIBRAG mbH also extracted brown coal in the Zwenkau mine which was leased from a subsidiary of the German government privatization agency through 1999. The operations also include over 200 MW of power generation and one coal briquetting plant. A significant portion of the sales of MIBRAG is made pursuant to long-term coal and energy supply contracts.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Mitteldeutsche Braunkohlengesellschaft mbH and subsidiaries have been prepared in accordance with the German Commercial Code, which represents accounting principles generally accepted in Germany ("German GAAP"). German GAAP varies in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). Application of U.S. GAAP would have affected the results of operations for each of the years in the three-year period ended December 31, 1999 and stockholders' equity as of December 31, 1999 and 1998 to the extent summarized in note C to the consolidated financial statements. All amounts herein are shown

in thousands of Deutsche Mark ("DM") unless otherwise noted.

PRINCIPLES OF CONSOLIDATION: All material companies in which MIBRAG has legal or effective control are fully consolidated. In 1999, MIBRAG consolidated 6 (1998: 5, 1997: 5) domestic subsidiaries.

One significant investment, MUEG, in which MIBRAG has an ownership interest of 50% is accounted for in accordance with the equity method. This investment is referred to as an associated company in these financial statements.

All other investments are included at cost and are referred to as participations in these financial statements.

All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

TOTAL COST METHOD: The income statement has been presented according to the total cost (or type of expenditure) format as commonly used in Germany. According to this format, production and all other expenses incurred during the period are classified by type of expenses.

REVENUE RECOGNITION: Revenue is recognized when title passes or services are rendered, net of discounts, customer bonuses and rebates granted.

INTANGIBLE ASSETS: Intangible assets are valued at acquisition cost and are amortized over their respective useful lives (5 to 18 years).

Property, Plant, and Equipment: Property, plant, and equipment acquired is recorded on the basis of acquisition or manufacturing cost, including capitalized mine development costs and subsequently reduced by scheduled depreciation charges over the assets' useful lives as follows: buildings - 3 to 25 years, technical facilities and machinery - 4 to 33 years; and facilities, factory and office equipment - 5 to 10 years. Maintenance and repair costs are expensed as incurred. Depreciation is computed principally by the straight-line method over the expected useful lives of the assets. Low value items are expensed in the year of acquisition. Opportunities for special tax deductible depreciation were utilized for both book and tax purposes in 1998, 1997 and prior years.

Impairment test of long-term assets are made when conditions indicate a possible loss. If an impairment is indicated, the asset is written down to its estimated fair value. If, at a later date, the conditions leading to impairment no longer exist, the impairment loss is reversed to increase the assets net of scheduled depreciation.

Investments: The long-term loans and investments are recorded at cost.

OVERBURDEN: Overburden represents the costs of removing the surface above a coal field subsequent to the initial opening of the field to the extent that the removal exceeds what is needed for the current years coal extraction. These are costs incurred in advance in respect of future coal production. The overburden

is valued on an average cost basis.

INVENTORY: Inventories are carried at the lower of average cost or market. Obsolescence provisions are made to the extent that inventory risks are determinable.

RECEIVABLES AND OTHER ASSETS: All receivables are valued at cost, reduced for appropriate valuation allowances.

Cash: Cash includes cash-on-hand, checks, bank accounts and time deposits.

INVESTMENT GRANTS: To support the acquisition of certain tangible assets, investment allowances and subsidies were granted by the German federal government and the states of Saxony and Saxony-Anhalt. The application, conditions and payments of investment grants are ruled by German law and several regulations and statements. Investment allowances and subsidies received and formally claimed are credited to the special item account. The special item is amortized into income over the normal operating useful lives of the underlying assets to which the allowances and subsidies relate.

ENVIRONMENTAL AND MINING PROVISIONS: Accruals for environmental and mining-related matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. These accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The fair value of cash, accounts payable and receivable, short term borrowings approximates book value because of the short maturity period and interest rates approximating market rates.

LIABILITIES: Liabilities are shown at their repayment amounts.

SUPPLEMENTAL CASH FLOW INFORMATION: The company paid DM 0 income taxes in 1999, 1998 and 1997. Interest paid amounted to DM 29,605, DM 26,523 and DM 17,657 in 1999, 1998 and 1997, respectively.

Per Share Amounts: Per share amounts are not disclosed in the financial statements. MIBRAG is a nonpublic enterprise.

RECLASSIFICATIONS: Certain reclassifications have been made for consistent presentation.

NOTE C SIGNIFICANT DIFFERENCES BETWEEN GERMAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The MIBRAG consolidated financial statements comply with German GAAP, which differs in certain significant respects from U.S. GAAP. The significant

differences that affect the consolidated net income and stockholders' equity of MIBRAG are set out below.

I. APPLICATION OF THE PURCHASE METHOD OF ACCOUNTING

The German GAAP financial statements include the historical cost book values of assets transferred from a predecessor company.

The acquisition of 99% of the shares in MIBRAG mbH on January 1, 1994 by MIBRAG B.V. was accounted for using the purchase method of accounting and the purchase price adjustments to the historical cost basis have been pushed down to MIBRAG mbH for purposes of the reconciliation to U.S. GAAP. The excess (DM 757.3 million) of the fair value of the net assets acquired over the purchase price was proportionally allocated to reduce the value assigned to non-current assets, excluding long-term investments.

The US GAAP financial statements also recognize purchase price adjustments for certain incremental transportation costs incurred by MIBRAG for lignite transportation to one of its major customers.

II. NOTES TO SIGNIFICANT U.S. GAAP ADJUSTMENTS

1. Fixed assets

The differences relate primarily to the following:

- In the US GAAP balance sheet as of January 1, 1994, fixed asset balances, other than financial assets, were adjusted to their fair market values.
- As of January 1, 1994, the fair market values of these assets were reduced by the allocation of the difference between the net acquisition costs for the MIBRAG shares and the fair market value of MIBRAG's net assets.
- The depreciation period of long term assets are based upon lives acceptable for German tax purposes, which differ from the useful lives for U.S. accounting purposes.
- An impairment loss was recognized for US GAAP purposes to reduce the assets of the briquette plant Mumsdorf to their fair values as of December 31, 1999.
- A write-up of previously impaired fixed assets of the briquette plant Deuben is not allowed under US GAAP.
- Special accelerated depreciation for tax purposes is recorded in the German financial statements for the years 1998, 1997 and prior years.

Upon disposal, the above differences also resulted in differing gains or losses on disposition.

Financial investment in MUEG

For German GAAP purposes, MIBRAG accounted for the investment in MUEG as of January 1, 1994 using the cost method. Under U.S. GAAP the book value was increased to account for the equity earnings that were not distributed to MIBRAG as of that date.

2. Relocation accruals

The US GAAP results recognized liabilities and deferred costs of DM 273 million to relocate four villages. The deferred costs are amortized in accordance with quantities of coal extracted. In accordance with German accounting principles accruals for the relocation of villages can not be accrued earlier than 2 years prior to the relocation, and certain relocation costs are to be expensed as

incurred.

3. Investment in power plants

In 1995 and 1996, third party investors paid in DM 216 million into a MIBRAG subsidiary, MIBRAG Industriekraftwerke GmbH & Co. KG ("MI"), which operates three lignite-fired power plants. The investment is structured such that the third party investors obtain accelerated tax depreciation while retaining a put option to sell their investments back to MIBRAG at predetermined prices. The third party investments are considered additions to equity as minority interests for German GAAP, while these arrangements are accounted for as a financing in accordance with U.S. GAAP.

4. Transportation credits

An acquisition related liability, for US GAAP purposes, is reduced by the amount of excess incremental transportation costs incurred by MIBRAG for certain lignite shipments. The acquisition related liability is not reflected in MIBRAG's German financial statements. The acquisition related liability was reduced to zero in 1998.

5. Interest capitalization

Interest is expensed in the German financial statements, however interest expense related to qualified assets is capitalized and depreciated for U.S. GAAP purposes.

6. Receivables/payables at non-market interest rates

Certain accounts receivables or loans payable are recorded in the German GAAP financial statements at their nominal values. Because these carry non-market interest rates, such receivables and payables were adjusted to their market values.

7. Overburden

Overburden in the German financial statements includes capitalized depreciation based upon the historical costs. Because of the purchase accounting adjustments, a different amount of depreciation is capitalized in overburden in the U.S. GAAP financial statements. Additionally, overburden as of January 1 ,1994 was written down to fair value.

8. Environmental and mining provision

The ratable accrued end-lake provision was reduced in 1998 based upon a new estimate of total costs to be incurred. For US purposes, this adjustment is accounted for prospectively.

9. Accrued liabilities

Certain mining and other accruals, which were provided for at January 1, 1994 in accordance with US GAAP purchase accounting, were not recorded in the German financial statements.

10. Other

Certain costs and income in the German financial statements are capitalized or deferred for U.S. GAAP purposes, respectively.

(IN THOUSANDS OF DM)

11. Unrealized holding gains

Unrealized holding gains on available-for-sale securities are not accounted for under German GAAP, but would be recorded as other comprehensive income for U.S. GAAP purposes.

12. Deferred taxes

The differences noted above result in temporary differences which, when combined with net operating loss carryforwards, would result in a net deferred tax asset of Mio DM 288 Mio DM 311 at December 31, 1999 and 1998, respectively. Because of available negative evidence, a 100 % valuation allowance would have been recorded at each year-end. Because no net deferred taxes would be recorded for German or U.S. GAAP purposes, no adjustment to net income or shareholders equity are listed in the following reconciliations.

13. SFAS No.133

In June 1998, the Financial Accounting Standards Board, (the "FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging activities," ("SFAS No. 133"), effective for fiscal years beginning after June 2000 (January 1, 2001 in the case of MIBRAG). This statement requires that all derivative financial instruments be reflected on the balance sheet at fair value, with changes in fair value recognized periodically in earnings or as a component of other comprehensive income, depending on the nature of the underlying item, changes in the fair value of the derivative will be recognized currently in the statements of operations. MIBRAG is currently

in the process of evaluating the impact of adopting this statement on the consolidated financial statements.

RECONCILIATION TO U.S. GAAP

The following is a summary of the significant adjustments to net income for 1999, 1998 and 1997 and to shareholders' equity at December 31, 1999 and 1998 which would be required if U.S. GAAP had been applied instead of German GAAP.

		YEAR ENDED DECEMBER 31,		
	NOTE	1999	1998	1997
Net income (loss) as reported in the consolidated statement of operations under German GAAP		7,790	(59,465)	(56,040)
Adjustments required to conform with U. S. GAAP:				
Long-term asset valuation	(1)	31,171	94,783	121,768
Relocation of villages	(2)	1,704	7,659	12,044
Investment in power plants	(3)	(7,384)	(7,762)	(8,330)
Transportation credits	(4)	-	13,581	14,052
Interest capitalization	(5)	5,055	1,904	(359)
Receivable / payables at non-market interest rate	(6)	(1,000)	(990)	(7,497)
Overburden	(7)	22,969	9,672	(2,582)

Environmental and mining provision	(8)	159	(35,507)	-
Other	(10)	788	480	5,273
NET INCOME IN ACCORDANCE WITH U.S. GAAP		61,252	24,355	68,415

MITTELDEUTSCHE BRAUNKOHLENGESELLSCHAFT MBH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS OF DM)

		AT DECEMBER 31,	
	NOTE	1999	1998
Shareholder's equity as in the consolidated balance sheet under German GAAP		600,495	607,880
Adjustments required to conform with U.S. GAAP:			
Long-term asset valuation	(1)	212,977	184,244
Relocation of villages	(2)	25,423	21,281
Investment in power plants	(3)	(161,231)	(169,022)
Interest capitalization	(5)	12,639	7,584
Loan at non-market interest rate	(6)	3,011	4,011
Overburden	(7)	(146,869)	(169,838)
Environmental and mining provisions	(8)	(35,348)	(35,507)
Accrued liabilities	(9)	(30,153)	(30,153)
Other	(10)	(16,558)	(17,346)
Net unrealized holding gains (net of income tax effects)	(11)	3,875	7,955
SHAREHOLDERS' EQUITY IN ACCORDANCE WITH U.S. GAAP		468,261	411,089

NOTE D CONCENTRATION OF CREDIT RISK AND LONG-TERM COAL SALES AGREEMENTS

MIBRAG mbH markets its coal principally to electric utilities in Germany. As of December 31, 1999 and 1998 accounts receivable from electric utilities totaled DM 91,586 and DM 67,490, respectively. Credit is extended based on an evaluation of the customer's financial condition, and collateral is not generally required. Credit losses are provided for in the financial statements and consistently have been minimal.

MIBRAG mbH is committed under several long-term contracts to supply raw brown coal and whirl fine coal to the Schkopau power station and the Lippendorf power station. Under the terms of the Schkopau Agreement, MIBRAG mbH may deliver annually up to 5.8 million tons of coal commencing 1995. The agreement will be in effect until 2010 with an option for the purchaser to extend the agreement for another 10 years. The price to be paid by the Schkopau power station is a fixed price adjusted by an annual escalation rate.

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(IN THOUSANDS OF DM)

The Lippendorf Agreements provide for deliveries of up to 10 million tons per year from 1999 through 2040 with an option for the MIBRAG customers to extend for an additional 3 year period. These Agreements were closed with Vereinigte Energiewerke AG (VEAG), Berlin, and Bayernwerk AG, Munich, and replace the agreements on deliveries to the old power station at Lippendorf. The price to be paid by the Lippendorf power station is a base-price with escalation and adjustment based on quality of the coal delivered. The first bloc of the new Lippendorf power station was tested since May 1999 and went into full operation in September 1999; the second bloc is still under construction.

A substantial portion of the Company's coal reserves is dedicated to the production of coal for such agreements.

Sales to the three largest customers comprise, as a percentage of total sales, 56%, 64 %, and 56% in 1999, 1998 and 1997, respectively. Sales to the six largest customers comprise, as a percentage of total sales, 73%, 82% and 81% in 1999, 1998 and 1997, respectively.

NOTE E INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The group depreciation charges are as follows: DM 101,026 (1999), DM 148,413 (1998) and DM 166,949 (1997), including normal depreciation, unplanned depreciation and special tax depreciation (1998 and 1997) in terms of section 4 of the German tax law, "Fordergebietsgesetz". According to that law, certain tangible assets can e.g. be depreciated up to 50 % of the historical costs in the first five years of acquisition in addition to the normal depreciation. Special tax depreciation was DM 0, DM 45,116 and DM 60,509 in 1999, 1998 and 1997, respectively.

The major categories of fixed assets follow:

		1999	1998
Concessions, trade marks, patents and licenses			
cost		27,729	27,398
less: accumulated amortization		(9,334)	(7,503)
net book value		18,395	19,895
Property, plant and equipment			
cost	- land and land rights	71,647	73,886
	- buildings	261,901	264,200
	- strip mines	89,522	89,522
	- technical equipment and machinery	1,325,272	1,243,901
	- factory and office equipment	198,000	205,689
	- payments on account and assets under construction	149,728	102,378
total cost		2,096,070	
less: accumulated depreciation		(1,287,834)	(1,243,344)
net book value		808,236	736,232

MIBRAG plans to reopen the briquette plant Deuben and close the briquette plant Mumsdorf in the year 2000. The fixed assets of the briquette plant Deuben were written up for German GAAP purposes to their continued carrying values as if the impairment had not ocurred in 1996. The carrying value of the briquette plant

(IN THOUSANDS OF DM)

Mumsdorf under German GAAP approximated the fair value of such assets at December 31, 1999.

NOTE F PARTICIPATIONS (INCLUDING ASSOCIATED COMPANY)MIBRAG's investment in MUEG Mitteldeutsche Umwelt- und Entsorgungs GmbH, Braunsbedra, ("MUEG") is accounted for using the equity method. MUEG was founded in 1990 and coordinates the waste disposal activities in the Central German brown coal area. The equity value as of December 31, 1999 is as follows:

		DM
	Cost and contributions	12,387
+	Net profit share 1994-1998	13,777
./.	Distributed profits share 1994-1999	15,491
./.	Proportionate elimination of intercompany profit (1997)	1,089
./.	Tax correction	53
=	Carrying amount "at equity" as of December 31, 1999	9,531

Investments in six (1998: seven) other companies are accounted for at cost.

NOTE G LOANS GRANTED TO PARTICIPATIONS

In 1995, MIBRAG sold its district heating network assets to a company in which it holds a participation. After deducting a down payment of DM 1.4 million, the balance is being repaid in equal installments of DM 733 over a period of 25 years. The interest rate is fixed at 5 percent through 1999 and will be adjusted to the market rate in 2000.

The fair market value of the loan approximates the book balue which was DM 14,667 and DM 15,400 at December 31, 1999 and 1998, respectively.

NOTE H OTHER LOANS

The other loans were granted to the third party investors in a subsidiary of MIBRAG mbH. These loans were financed by a borrowing from KfW (Kreditanstalt fuer Wieder-aufbau). KfW granted MIBRAG mbH a loan of DM 103,000 due on December 30, 2005 at fixed interest rates between 6.26 % and 6.82 %. The balance of the loan as of December 31, 1999 amounted to DM 69,400. The loans to the new investors of the subsidiary of MIBRAG mbH were granted at the same conditions as those applicable to the loan between MIBRAG mbH and KfW.

NOTE I OVERBURDEN

The reconciliation of the overburden costs is as follows (in million DM):

	Dec.31, 1999		Dec.31, 1998	
	Tonnage metric tons	value DM	tonnage metric tons	value DM
Profen	20.0	153.3	18.5	146.0
Schleenhain	20.0	167.2	12.8	115.7
Zwenkau	-	-	4.2	37.2

(IN THOUSANDS OF DM)

40.0	316.0		

The basis for the determination of the overburden is the total quantity of partially exposed raw brown coal.

NOTE J TRADE RECEIVABLES

Trade receivables were disclosed in the balance sheet, net of allowances, as follows:

	Dec. 31,1999	Dec. 31,1998
Trade receivables	92,389	68,348
Less allowances	(803)	(858)
	91,586	67,490

NOTE K OTHER INVESTMENTS

At December 31, 1999 other investments were disclosed at an amount of DM 132.4 million. The balance consists of investment funds of MI (DM 122.9 million), which were specially set up to reinvest the additional liquidity resulting from the entry of new investors into MI and to short-term investments (DM 9.5 million).

Net dividends distributed by the investment funds were reinvested in 1998 and paid out in 1999. Realized gains of DM 10.1 million, DM 10.6 million and DM 11.4 million were disclosed in interest income in 1997, 1998 and 1999, respectively.

NOTE L ACCRUALS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provision related primarily to briquette benefit claims of active and retired employees on the basis of the collective bargaining agreement of November 9, 1993 in respect to allowances in kind. Employees entitled must be employees of the company at the date of retirement. The entitlement does not vest and lapses with early termination of the working relationship or upon receipt of social plan benefits.

The calculation is based on an actuarial valuation which took into account the entitlement to the redemption value of DM 185.00 per metric ton of briquettes as specified in the collective bargaining agreement, the employees entitled to benefits as of December 31, 1999, and official demographic tables.

In addition, pension obligations for early retirement benefits were accrued. These amounts have also been calculated on the basis of actuarial valuations.

NOTE M TAXATION ACCRUALS

MIBRAG did not provide for income taxes under German GAAP because of net operating losses in 1997 through 1999. Deferred tax assets and liabilities have not been recorded because there are no significant differences between the German GAAP financial statement and tax bases of the assets and liabilities.

The German corporation income tax rate on undistributed income is 40 %. Trade taxes on income are assessed at a rate of 14.9 %. The company has an effective tax rate of 0 % because the company has no taxable income and the recording of a deferred tax benefit for net loss carryforwards is prohibited under German GAAP.

At December 31, 1999 the Company had approximately DM 476 million net operating loss carry-forwards, which do not expire and may be applied against future taxable income. The tax audit is currently taking place for the fiscal years 1994 through 1997.

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NOTE N ENVIRONMENTAL AND MINING PROVISIONSThe following is a summary of environmental and mining provisions (in DM):

	Balance as of Dec. 31,1999	Balance as of Dec. 31,1998
1) End-lake provision	264,355	259,511
2) Provision for environmental pollution	9,975	9,975
3) Landscaping	12,831	15,375
4) Planting	9,857	10,247
5) Relocation of villages	37,811	39,764
	334,829	334,872

1) End-lake provision

MIBRAG is responsible for reclaiming the mines Profen and Schleenhain. MIBRAG is exempted from this responsibility in respect to the Zwenkau mine.

The mining field reclamation of the Profen and Schleenhain mines after the ceasing of production is planned for 2029-2046 and 2041-2073, respectively. A legally binding closure plan laying down the principles for action plans in accordance with the BBergG is normally approved two years in advance to the commencement of production by the relevant mining authorities. The liability to reclaim the area exists from the start of mining activities. In each year of coal extraction the reclamation costs are accrued ratably using the relation of the coal mined to the total coal mine volume.

The calculation of the total cost for reclaiming mining fields has been made on the basis of an expert opinion and estimations on the basis of current prices. The end-lake costs consist mainly of cost for reconstruction, bank reinforcement, dewatering and watering.

2) Provision for Environmental Pollution ("Altlasten")This provision for the clean-up/safeguarding of "Altlasten" is determined in respect to disposals sites and old locations of MIBRAG mbH in refinement and mining areas on which waste deposits can be found.

The obligation at the accrued amount is derived from article 19.3 of the purchase and sales agreement. Qualifying costs that exceed the provision are to be reimbursed by the Bundesanstalt fuer vereinigungsbedingte Sonderaufgaben (BvS).

(IN THOUSANDS OF DM)

3) Landscaping

This provision includes costs for reclaiming disposal areas and leveling the area outside the embankments. These costs relate solely to continuous landscaping, while cost for closing down landscaping are included in the end-lake provision.

4) Planting

Provision is made for costs in connection with temporary planting as of December 31, 1999 and 1998.

5) Relocation of villages

The provision for relocation of villages is in respect to the relocation of municipalities, which is necessary for the expansion of the Profen and Schleenhain mines.

The calculation of the provision is based on a method that takes into account the cost for project planning, infrastructural development, cemetery relocation, demolition and landmark preservation. The provision is built up in equal annual amounts, commencing two years before the relocation starts and ending in the middle of the relocation year.

NOTE O OTHER ACCRUALS

Accrued liabilities are as follows (in DM):

	Dec.31, 1999	Dec.31, 1998
1) Severance payments	20,632	24,220
2) Personnel expenses		
- Employment anniversaries	2,651	2,566
- Vacation and contractually agreed free shifts outstanding	539	850
- Equalization amount in terms of the Act on Handicapped Persons	243	244
	3,433	3,660
3) Remaining accruals	11,720	19,092
	35,785	46,972

(IN THOUSANDS OF DM)

1) Severance payments

Basis for the provisions are the social plan framework agreements in which the measures for the personnel adjustments are defined. The employees are entitled to a one-time severance payment if the company initiates termination or in the case of retrenchments. The severance payments are limited to DM 50 per person. Employees participating in early retirement programs are entitled to additional compensation, mainly for the reduction in statutory pension payments due to early retirement.

2) Personnel expenses

MIBRAG mbH grants awards in recognition of long service in the company, based on the collective bargaining agreement dated January 1, 1992 and the company agreement dated October 1, 1995. The employees are entitled to financial awards, which increase in proportion to their employment periods. The valuations of the benefits were based on actuarial valuations taking into account commercial principles.

The liability for vacation and contractually agreed free shifts arises from the days and shifts outstanding at balance sheet dates, which have been determined for each employee.

3) Remaining provisions

Composition (in DM):

	Dec. 31, 1999	Dec. 31, 1998
	-	-
Outstanding invoices	3,588	5,498
Mine damages	3,500	3,500
Water usage fees	1,972	2,509
Professional service and litigation	1,459	1,803
Compensation to municipalities	-	2,500
Deferred maintenance	-	1,392
Others	1,201	1,890
	-	-
	11,720	19,092

NOTE P LONG-TERM DEBT

Long-term debt consists of the following (in DM):

	Dec. 31, 1999	Dec. 31, 1998
a) Loan to finance the power stations		
- build up the power station of Waehlitz	125,307	132,269
- modernization of the power stations in		

(IN THOUSANDS OF DM)

Deuben and Mumsdorf	101,538	110,768
- finance the additional paid-in capital by the investors of MI	69,400	75,700
b) Loan to finance the Schleenhain mine investments	140,000	120,000
c) Loan for home construction	5,976	6,441
d) Deferred interest	1,146	779
	443,367	445,957

To a)

These liabilities refer to three loans from the Kreditanstalt fur Wiederaufbau, Frankfurt/Main:

The first loan was granted December 9, 1992 for the construction of a raw brown coal powered industrial power station in Waehlitz. The interest rate has been fixed at 7 % p.a. until December 9, 2002, 5 % thereof was borne by the Federal Department of Environmental Affairs through 1997. The loan period is 25 years. The repayments in 40 equal amounts commence from June 30, 1998.

On April 3, 1995 two additional loan agreements were closed with Kreditanstalt fur Wiederaufbau (KfW).

One of these loans in the amount of DM 120,000 was granted for partially financing the modernization and reshaping of both industrial power plants in Deuben and Mumsdorf. The loan period is 16 years, thereof the first three years without repayments. The redemption period is 13 years starting on December 31, 1998. The interest rates are as follows:

Amount DM	Interest rate %	Fixed until date
59,231	6.80	January 12, 2006
16,923	6.18	January 30, 2007
16,923	6.25	January 20, 2007
8,461	6.04	December 30, 2007
101,538		

The second loan in the amount of DM 103,000 was closed to partially finance the limited partner capital contribution of the new investors in MI. The redemption period is 13 years. In 1996, the loan was fully called up by MIBRAG. In 1999, DM 6,300 were redeemed, so that the balance as of December 31, 1999 amounts to DM 69,400.

The interest rates are as follows:

Amount DM	Interest rate %	Fixed until year

55,391	6.67	2005
7,959	6.82	2005
3,601	6.26	2005
2,449	6.76	2005
69,400		

The interest rates after 2005 will be adjusted to the market rate at that time.

Interest expense for the three loans amounted to DM 22.2 million, DM 23.8 million and DM 17.4 million in 1999, 1998, and 1997, respectively.

To b)

In 1997 and 1998, loan contracts were closed with several credit institutions to finance the investments in the Schleenhain mine, especially the construction of the blending yard and environmental measures for the conveyor belts. In 1998 DM 120,000 and in 1999 further DM 20,000 were called up at interest rates between 3.5 % and 5.4 %. The redemption period will be until 2008/9.

To c)

The loans for home construction were granted by the Deutsche Bank AG and the Nord LB for relocation-related home construction purposes in Hohenmoelsen.

The other liabilities refer to:

	Dec.31, 1999 TDM	Dec.31, 1998 TDM
Usage reimbursement for the mining rights	15,069	16,367
Wages and Salaries	6,018	7,450
Tax lease	5,425	6,050
Social security contributions	4,520	5,321
Tax authorities	3,743	2,542
Others	2,970	2,766
	40,496	40,496

The payables due to the tax lease model relate to the equity commission and management fees and are partly long-term in their nature (DM 4,800).

(IN THOUSANDS OF DM)

NOTE Q MATURITY PERIODS OF LIABILITIES

The maturity periods of liabilities are as follows:

	Liabilities to banks *)	Trade payables	Payables to partici-pations	Other payables	Downpay-ments received	Total
Balance as of Dec. 31, 1998	445,957	51,501	2,843	40,143	-	540,444
thereof: maturity period						
- up to 1 year	23,736	47,476	2,843	33,717	-	107,772
- 1-5 years	119,293	4,025	-	3,401	-	126,719
- more than 5 years	302,928	-	-	3,025	-	305,953
Balance as of Dec. 31, 1999	443,368	47,078	4,876	37,745	103	533,170
thereof: maturity period						
- up to 1 year	28,259	42,939	4,876	31,224	103	107,401
- 1-5 years	141,998	4,139	-	4,706	-	150,843
- more than 5 years	273,111	-	-	1,815	-	274,926

*) Liabilities to banks are fully secured by mortgages

NOTE R COMMITMENTS AND CONTINGENCIES

(in DM)

	At December 31,	
	1999	1998
Guarantees for indebtedness of others	38,539	39,668
Other contractual obligations	46,900	178,200

The other contractual obligations refer to long term investment projects in the mines Profen and Schleenhain.

MIBRAG leases office equipment and railway-carriages, expiring at various dates. Rental and

lease expenses amounted to DM 1,661, DM1,666 and DM 2,502 in the years ended December 31, 1999, 1998 and 1997, respectively. The future minimum lease payments under operating leases are as follows: DM 1.3 millions follows: (2000: DM 847; 2001: DM 259, 2002: DM 203, 2003: DM 27 and no obligations thereafter).

NOTE S RELATED PARTY TRANSACTIONS

Between MIBRAG and two subsidiaries of the common parent companies NRG Energy Inc., Morrison-Knudsen Corp. and PowerGen plc., agreements for consulting and management services were closed in respect to the mining operations and the refinement facilities.

These contracts determine certain consultancy services to be provided by the two subsidiaries Morrison-Knudsen Deutschland GmbH (MKD) and Saale Energie Services GmbH (SES) to MIBRAG or its subsidiaries.

MIBRAG is obliged to determine and pay the cost-related remuneration for these

services. Expenditures for MIBRAG were as DM 15,000, DM 19,583 and DM 20,225 for 1999, 1998 and 1997, respectively.

EXHIBIT 99.2

FINANCIAL STATEMENTS OF "SAALE" (UPON AMENDMENT).

EXHIBIT 99.3

SUNSHINE STATE POWER BV

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1999, 1998 AND 1997

TO THE SHAREHOLDERS OF SUNSHINE STATE POWER BV

AUDITORS' REPORT

We have audited the accompanying balance sheet of Sunshine State Power BV as of December 31, 1999, 1998 and 1997, and the related statements of income and of cash flows for each of the three years ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the company as of December 31, 1999, 1998 and 1997 and of the results for the years then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

PRICEWATERHOUSECOOPERS NV
March 20, 2000
Amsterdam, Netherlands

BALANCE SHEET AT DECEMBER 31, 1999, 1998 AND 1997

	1999 AUD'000	1998 AUD'000	1997 AUD'000
ASSETS			
FIXED ASSETS			
Intangible fixed assets	6,984	7,455	7,926
Tangible fixed assets	155,857	157,432	161,545
	162,841	164,887	169,471
CURRENT ASSETS			
Stocks	6,210	3,497	2,254
Receivables	4,891	5,521	4,470
Cash and bank balances	11,206	11,471	10,885
	22,307	20,489	17,609
TOTAL ASSETS	185,148	185,376	187,080
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Issued share capital	30	30	30
Retained earnings	32,406	26,580	24,147
Result for the year	10,066	5,826	2,433
	42,502	32,436	26,610
Provisions	18,369	17,918	16,195
Long-term liabilities	113,050	125,480	135,435
Current liabilities	11,227	9,542	8,840
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	185,148	185,376	187,080

The accompanying notes form an integral part of the annual accounts.

SUNSHINE STATE POWER BV

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	1999 AUD'000	1998 AUD'000	1997 AUD'000
Net turnover			
Queensland Transmission & Supply Corporation	16,649	18,819	24,105
Boyne Smelters Limited	39,586	38,377	31,386
TOTAL	56,235	57,196	55,491
Cost of turnover			
Non-fuel	9,847	9,345	8,864
Fuel	24,541	24,864	19,972
TOTAL	34,388	34,209	28,836
GROSS PROFIT ON TURNOVER	21,847	22,987	26,655
Operating expenses	2,236	1,624	2,484
Depreciation and amortization expense	4,806	6,409	6,328
TOTAL EXPENSES	7,042	8,033	8,812
NET PROFIT ON TURNOVER	14,805	14,954	17,843
Interest expense	6,530	6,942	7,831
Interest income	(545)	(566)	(667)
Foreign exchange (gain)/loss	(1,721)	995	6,951
Disposal of assets (gain)/loss	135	19	(73)
NET FINANCIAL EXPENSE	4,399	7,390	14,042
Result from ordinary operations before taxation	10,406	7,564	3,801
Taxation	340	1,738	1,368

NET RESULT	10,066	5,826	2,433

The accompanying notes form an integral part of the annual accounts.

SUNSHINE STATE POWER BV

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	1999 AUD'000	1998 AUD'000	1997 AUD'000
Cash flows from operating activities			
Net result	10,066	5,826	2,433
Adjustments to reconcile net result to net cash provided by operating activities:			
Depreciation and amortization	4,806	6,409	6,328
Deferred income taxes	340	1,738	1,368
Foreign exchange loss/(gain)	(1,721)	995	6,951
(Gain)/Loss on sale of fixed assets	146	19	(73)
Changes in operating assets and liabilities:			
Stocks	(2,713)	(1,243)	1,282
Receivables	630	(1,051)	407
Provisions	111	(15)	209
Current liabilities	1,060	164	48
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	12,725	12,842	18,953
Cash flows from investing activities			
Purchases of tangible fixed assets	(2,918)	(1,867)	(2,251)
Proceeds from sale of fixed assets	12	23	94
NET CASH FLOWS USED BY INVESTING ACTIVITIES	(2,906)	(1,844)	(2,157)
Cash flows from financing activities			
Proceeds (repayments) of notes payable	(4,109)	(4,974)	(12,896)
Repayments of long-term debt	(5,975)	(5,438)	(4,913)
NET CASH FLOWS USED BY FINANCING ACTIVITIES	(10,084)	(10,412)	(17,809)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(265)	586	(1,013)
Cash and bank balances			
Beginning of year	11,471	10,885	11,898
End of year	11,206	11,471	10,885
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	6,229	7,744	8,072

The accompanying notes from an integral part of the annual accounts.

SUNSHINE STATE POWER BV

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

1. GENERAL

Activities

Sunshine State Power BV (the Company) was incorporated on November 11, 1993 and is seated in Amsterdam, the Netherlands. The Company's principal operating activity is the ownership of 20% of the Gladstone Power Station Joint Venture. The Gladstone Power Station Joint Venture owns and operates the Gladstone Power Station located in Queensland, Australia which it acquired on March 30, 1994. The Gladstone Power Station Joint Venture is an unincorporated joint venture and therefore not a separate legal entity. Accordingly, the Gladstone Power Station Joint Venture owners act as tenants in common owning their proportionate shares of the unincorporated joint venture's assets, liabilities and results, of operations. The unincorporated joint venture's assets, liabilities, results of operations and cash flows have been taken up in this annual financial report on a proportionate basis. The accounts have been prepared for the years ended December 31, 1999, 1998 and 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Unless otherwise stated assets and liabilities are carried at nominal value.

Basis of Preparation

The Company's financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands (Netherland GAAP) which may differ in certain respects from generally accepted accounting principles in the United States (US GAAP). With regard to the Company's balance sheet and statement of income, there are no material differences between Netherlands GAAP and US GAAP. With regard to the Company's statement of cash flows, under US GAAP the foreign exchange loss/(gain) would be classified under the cash flows from financing activities section as US GAAP requires that such items be netted with the related cash flow item.

Foreign Currencies

Assets and liabilities at year-end and transactions during the period denominated in a foreign currency are translated into the Company's local currency (Australian $) at the exchange rates ruling at year-end and at the time of the transaction, respectively. Exchange adjustments are taken to the statement of income.

Intangible Fixed Assets

Project Development Expenditures - Project development expenditures represent the Company's share of project development expenditures incurred by the Gladstone Power Station Joint Venture to organize the acquisition of the Gladstone Power Station and operate it subsequent to the acquisition.

Capitalized development expenditures are being amortized over the term of the Gladstone Power Station Power sales agreements (35 years), commencing from the date the investment in the project was consummated. The carrying values of capitalized development expenditures and the amortization periods are reviewed annually and any necessary write down is charged against income. Research expenditures and expenditures on development of existing projects are charged against income in the year in which they are incurred.

SUNSHINE STATE POWER BV

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997 -- (Continued)

Financing Costs - Financing costs represent the Company's share of the costs incurred by the Gladstone Power Station Joint Venture to acquire the long-term debt used to finance the acquisition of the Gladstone Power Station. Capitalized financing costs are being amortized over a ten year period, which represents the timeframe until the Company expects the long-term debt will be refinanced.

TANGIBLE FIXED ASSETS

All tangible fixed assets are stated at cost. The Company has not had any reevaluations performed on its tangible fixed assets. Tangible fixed assets, with the exception of land, are depreciated over their estimated useful lives or over the life of the power purchase agreement by the straight line method. Ordinary maintenance and repairs are expensed as incurred; replacements and improvements are capitalized.

The estimated useful lives are:

Site roads and preparation	50 years
Generators, systems, stacks, etc.	50 years
Coal handling plant	10 - 50 years
Other operating fixed assets	3 - 10 years

Stocks

Stocks are carried at the lower of cost (principally by the FIFO method or another method which approximates FIFO) and net realizable value. In valuing stocks, appropriate allowance is made for obsolete or slow-moving items.

Trade Debtors

Trade debtors are stated at nominal value net of provision for doubtful debtors.

PROVISIONS

Employee Provisions - Provisions are made for amounts expected to be paid to the operator of the Gladstone Power Station in respect of its employees for the pro rata entitlements for long service and annual leave. These amounts are accrued at actual pay rates having regard to experience of employee's departure and period of service. The provisions are divided into current (expected to be paid in the ensuing twelve months) and non-current portions.

Deferred Tax - Provisions for deferred taxes have been set up where items entering into the determination of accounting profit for one period are recognized for taxation purposes in another. The principal difference arises in connection with the depreciation of fixed assets. In calculating the provision,

current tax rates are applied.

COMPANY INCOME TAX

Company income tax is based upon the results reported in the statement of income as adjusted for permanent differences. Current Australian tax rates are applied.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method.

SUNSHINE STATE POWER BV

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997 -- (Continued)

3. INTANGIBLE FIXED ASSETS

The movements in the intangible fixed assets are summarized as follows:

	Project development expenditures	Financing costs	Total
	AUD'000	AUD'000	AUD'000
COST			
Balance at December 31, 1997	6,984	2,707	9,691
Additions for the year ended December 31, 1998	-	-	-
Balance at December 31, 1998	6,984	2,707	9,691
Additions for the year ended December 31, 1999	-	-	-
Balance at December 31, 1999	6,984	2,707	9,691
ACCUMULATED AMORTIZATION			
Balance at December 31, 1997	(749)	(1,016)	(1,765)
Amortization for the year ended December 31, 1998	(200)	(271)	(471)
Amortization for the year ended December 31, 1999	(200)	(271)	(471)
Balance at December 31, 1999	(1,149)	(1,558)	(2,707)
Net book value at December 31, 1999	5,835	1,149	6,984

4. TANGIBLE FIXED ASSETS

The movements in the tangible fixed assets are summarized as follows:

	Land	Site roads and preparation	Generators systems, stacks	Coal handling plant	Other operating fixed assets	Total

	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
COST						
Balance at December 31, 1997.....	216	2,834	165,774	9,708	2,972	181,504
Additions.....	-	13	1,386	28	295	1,722
Disposals.....	-	-	-	-	(43)	(43)
Balance at December 31, 1998.....	216	2,847	167,160	9,736	3,224	183,183
Additions.....	-	42	1,264	1,332	215	2,853
Disposals.....	-	-	(135)	-	(23)	(158)
Balance at December 31, 1999.....	216	2,889	168,289	11,068	3,416	185,878

	Land	Site roads and preparation	Generators systems, stacks	Coal handling plant	Other operating fixed assets	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
ACCUMULATED DEPRECIATION						
Balance at December 31, 1997.....	-	(333)	(16,536)	(2,060)	(1,181)	(20,110)
Charge for the year.....	-	(155)	(4,819)	(689)	(276)	(5,939)
Balance at December 31, 1998.....	-	(488)	(21,355)	(2,749)	(1,457)	(26,049)
Charge for the year.....	-	(54)	(3,352)	(628)	(301)	(4,335)
Balance at December 31, 1999.....	-	(542)	(24,707)	(3,377)	(1,758)	(30,384)
Construction in progress at December 31, 1999 (construction in progress at December 31, 1998 and 1997 was $298 and $151, respectively).....						363
Net tangible fixed assets at December 31, 1999.....						155,857

As of January 1, 1999, the depreciation lives for site roads and preparation, generators, systems and stacks and the coal handling plant were prospectively changed from 35 to 50 years. This prospective change reduced 1999 depreciation expense by 1,677.

5. STOCKS

	December 31, 1999	December 31, 1998	December 31, 1997
	AUD'000	AUD'000	AUD'000
Coal.....	4,812	2,309	1,046
Fuel oils.....	159	84	146
Chemicals.....	10	7	5
Spares and consumables.....	1,229	1,097	1,057

	6,210	3,497	2,254

6. RECEIVABLES

	December 31, 1999 AUD'000	December 31, 1998 AUD'000	December 31, 1997 AUD'000
Trade debtors	4,701	5,444	4,249
Prepayments	190	77	221
	4,891	5,521	4,470

All receivables are due in less than one year.

7. CASH AND BANK BALANCES

All cash and bank balances are held by banks and include investments with maturities of three months or less which are readily convertible to cash. The Company's long-term debt agreement places restrictions on the amount of cash and bank balances which must be maintained. At December 31, 1999, 1998 and 1997, the restricted cash and bank balances totaled $6,460,000, $6,348,000 and $6,200,000, respectively.

8. ISSUED SHARE CAPITAL

The authorized share capital consists of 2,000 shares each having a nominal value of 30 Australian dollars (40 Dutch Guilders), of which 1,000 shares have been issued and fully paid up at December 31, 1999 and 1998. In prior years, the Company's shares were owned by NRGenerating International BV (990) and Gunwale BV (10). Both NRGenerating International BV and Gunwale BV are wholly owned by NRG Energy, Inc., which is incorporated in the United States of America. During 1999, the shares held by Gunwale BV were sold to NRGenerating International BV.

9. RETAINED EARNINGS

	1999	1998

	AUD'000	AUD'000
Balance at January 1	26,580	24,147
Appropriation of prior years result	5,826	2,433
Balance at December 31	32,406	26,580

10. RESULT FOR THE PERIOD

	AUD'000
Balance at December 31, 1997	2,433
1997 net result appropriated to retained earnings	(2,433)
Net result for the year ended December 31, 1998	5,826
1998 net result appropriated to retained earnings	(5,826)
Net result for the year ended December 31, 1999	10,066
Balance at December 31, 1999	10,066

11. PROVISIONS

	Employee provisions	Deferred tax	Total
	AUD'000	AUD'000	AUD'000
Balance at December 31, 1997	1,244	14,951	16,195
Charged/(released) to income	(15)	1,738	1,723
Balance at December 31, 1998	1,229	16,689	17,918
Charged/(released) to income	111	340	451
Balance at December 31, 1999	1,340	17,029	18,369

Approximately $700 (AUD'000) of the employee provisions are current and expected to be paid during 2000.

12. LONG-TERM LIABILITIES

Secured long-term debt due to third parties

	December 31, 1999	December 31, 1998	December 31, 1997
	AUD'000	AUD'000	AUD'000
Secured - with banks	90,808	97,408	103,383

Current installments of bank long-term debt are included under current liabilities. The interest rate for long-term debt is variable based on an average of the bid rates quoted by the banks plus a margin of 1.5% at December 31, 1999.

The bank long-term debt is repayable as follows (in AUD'000):

2000	6,600
2001	7,275
2002	8,013
2003	8,850
2004	9,738
Thereafter	56,932
	97,408

The bank long-term debt is secured by the Company's ownership interest in the Gladstone Power Station Joint Venture.

Unsecured Subordinated Notes Payable (AUD'000)

On March 25,1994 the Company received loans from NRGenerating International BV and Gunwale BV, the primary shareholders of the Company, in the amounts of $48,312 and $488 respectively. The notes payable are subordinated to all other liabilities of the Company, bear no interest and are to be repaid in U.S. dollars. The Company repaid $4,109 to NRGenerating International BV during 1999, and $4,655 and $319 to NRGenerating International BV and Gunwale BV, respectively, during 1998, and repaid $12,767 and $129 to NRGenerating International BV and Gunwale BV respectively during 1997. Repayments on the notes payable are at the discretion of the Company, unless certain events of termination occur, as defined, and then the entire balance of the notes becomes due. The note balances, as adjusted for current period activity and foreign exchange fluctuations, were $22,242 and $0 to NRGenerating International BV and Gunwale BV at December 31, 1999, $28,072 and $0 to NRGenerating International BV and Gunwale BV at December 31, 1998, respectively, and $31,733 and $319 to NRGenerating International BV and Gunwale BV at December 31, 1997, respectively.

13. CURRENT LIABILITIES

	December 31, 1999	December 31, 1998	December 31, 1997
	AUD'000	AUD'000	AUD'000
Current installments of bank long-term debt	6,600	5,975	5,437
Trade creditors/suppliers	1,421	758	945
Accrued coal/rail costs	2,433	2,337	1,633
Accrued interest	773	472	559
Other accrued expenses	-	-	266
	11,227	9,542	8,840

14. RELATED PARTIES

An affiliate of the Company, Sunshine State Power (No. 2) BV owns 17.5% of the Gladstone Power Station Joint Venture. Sunshine State Power (No. 2) BV is owned by the owners of the Company.

The Gladstone Power Station is operated by NRG Gladstone Operating Services Pty Ltd, which is ultimately a wholly-owned subsidiary of NRG Energy Inc. NRG Gladstone Operating Services Pty Ltd operates the Gladstone Power Station under the terms of the Operation and Maintenance Agreement with the Gladstone Power Station Joint Venture. During the periods ended December 31, 1999, 1998 and 1997, the Company paid NRG Gladstone Operating Services Pty Ltd approximately $386, $398 and $298 (AUD'000) respectively in operators fees under the terms of the Operation and Maintenance Agreement.

15. NUMBER OF EMPLOYEES

The average number of persons employed at the Gladstone Power Station during 1999 was approximately 400. These individuals are primarily employed in the operations and maintenance areas of the station. The Company is responsible for 20% of the related costs for these employees. The Company itself has no employees.

16. REMUNERATION OF DIRECTORS

During the periods ended December 31, 1999, 1998 and 1997, none of the directors received remuneration for their services as directors of the Company.

SUNSHINE STATE POWER (NO. 2) BV

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1999, 1998 AND 1997

TO THE SHAREHOLDERS OF SUNSHINE STATE POWER (NO. 2) BV

AUDITORS' REPORT

We have audited the accompanying balance sheet of Sunshine State Power (No. 2) BV as of December 31, 1999, 1998 and 1997, and the related statements of income and of cash flows for each of the three years ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the company as of December 31, 1999, 1998 and 1997 and of the results for the years then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

PRICEWATERHOUSECOOPERS NV
March 20, 2000
Amsterdam, Netherlands

SUNSHINE STATE POWER (NO. 2) BV

BALANCE SHEET AT DECEMBER 31, 1999, 1998 AND 1997

	1999 AUD'000	1998 AUD'000	1997 AUD'000
ASSETS			
FIXED ASSETS			
Intangible fixed assets	6,115	6,526	6,937
Tangible fixed assets	136,369	137,749	141,349
	142,484	144,275	148,286
CURRENT ASSETS			
Stocks	5,434	3,060	1,972
Receivables	4,280	4,830	3,910
Cash and bank balances	9,816	10,037	9,535
	19,530	17,927	15,417
TOTAL ASSETS	162,014	162,202	163,703
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Issued share capital	30	30	30
Retained earnings	28,343	23,247	21,108
Result for the year	8,738	5,096	2,139

	37,111	28,373	23,277
Provisions	16,038	15,671	14,164
Long-term liabilities	98,937	109,669	118,545
Current liabilities	9,928	8,489	7,717
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	162,014	162,202	163,703

The accompanying notes form integral part of the annual accounts.

SUNSHINE STATE POWER (NO. 2) BV

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	1999 AUD'000	1998 AUD'000	1997 AUD'000
Net turnover			
Queensland Electricity Commission	14,568	16,466	21,092
Boyne Smelters Limited	34,638	33,580	27,462
TOTAL	49,206	50,046	48,554
Cost of turnover			
Non-fuel	8,616	8,177	7,756
Fuel	21,473	21,756	17,475
TOTAL	30,089	29,933	25,231
GROSS PROFIT ON TURNOVER	19,117	20,113	23,323
Operating expenses	2,068	1,424	2,144
Depreciation and amortization expense	4,205	5,608	5,537
TOTAL EXPENSES	6,273	7,032	7,681
NET PROFIT ON TURNOVER	12,844	13,081	15,642
Interest expense	5,713	6,074	6,852
Interest income	(467)	(458)	(584)
Foreign exchange (gain)/loss	(1,529)	833	6,096
Disposal of assets (gain)/loss	119	17	(64)
NET FINANCIAL EXPENSE	3,836	6,466	12,300
Result from ordinary operations before taxation	9,008	6,615	3,342
Taxation	270	1,519	1,203
NET RESULT	8,738	5,096	2,139

The accompanying notes form integral part of the annual accounts.

SUNSHINE STATE POWER (NO. 2) BV

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	1999 AUD'000	1998 AUD'000	1997 AUD'000
Cash flows from operating activities			
Net result	8,738	5,096	2,139
Adjustments to reconcile net result to net cash provided by operating activities:			
Depreciation and amortization	4,205	5,608	5,537
Deferred income taxes	270	1,519	1,203
Foreign exchange loss/(gain)	(1,529)	833	6,096
Gain/loss on sale of fixed assets	139	17	(64)
Changes in operating assets and liabilities:			
Stocks	(2,374)	(1,088)	1,121
Receivables	550	(920)	357
Provisions	97	(12)	182
Current liabilities	892	302	(3)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	10,988	11,355	16,568
Cash flows from investing activities:			
Purchases of tangible fixed assets	(2,553)	(1,633)	(1,969)
Proceeds from sale of fixed assets	-	19	83
NET CASH FLOWS USED BY INVESTING ACTIVITIES	(2,553)	(1,614)	(1,886)
Cash flows from financing activities:			
Repayments of notes payable	(3,428)	(4,481)	(11,265)
Repayments of long-term debt	(5,228)	(4,758)	(4,298)
NET CASH FLOWS USED BY FINANCING ACTIVITIES	(8,656)	(9,239)	(15,563)
NET INCREASE IN CASH AND BANK BALANCES	(221)	502	(881)
Cash and bank balances			
Beginning of year	10,037	9,535	10,416
End of year	9,816	10,037	9,535
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	5,450	5,998	7,063

The accompanying notes form integral part of the annual accounts.

SUNSHINE STATE POWER (NO. 2) BV

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

1. GENERAL

ACTIVITIES

Sunshine State Power (No. 2) BV (the Company) was incorporated on February 24, 1994 and is seated in Amsterdam, the Netherlands. The Company's principal operating activity is the ownership of 17.5% of the Gladstone Power Station Joint Venture. The Gladstone Power Station Joint Venture owns and operates the

Gladstone Power Station located in Queensland, Australia, which it acquired on March 30, 1994. The Gladstone Power Station Joint Venture is an unincorporated joint venture and therefore not a separate legal entity. Accordingly, the Gladstone Power Station Joint Venture owners act as tenants in common owning their proportionate shares of the unincorporated joint venture's assets, liabilities and results of operations. The unincorporated joint venture's assets, liabilities, results of operations and cash flows have been taken up in this annual financial report on a proportionate basis. The accounts have been prepared for the years ended December 31, 1999, 1998 and 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Unless otherwise stated assets and liabilities are carried at nominal value.

BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands (Netherland GAAP) which may differ in certain respects from generally accepted accounting principles in the United States (US GAAP). With regard to the Company's balance sheet and statement of income, there are no material differences between Netherlands GAAP and US GAAP. With regard to the Company's statement of cash flows, under US GAAP the foreign exchange loss/(gain) would be classified under the cash flows from financing activities section as US GAAP requires that such items be netted with the related cash flow item.

FOREIGN CURRENCIES

Assets and liabilities at year-end and transactions during the period denominated in a foreign currency are translated into the Company's local currency (Australian $) at the exchange rates ruling at year-end and at the time of the transaction, respectively. Exchange adjustments are taken to the statement of income.

INTANGIBLE FIXED ASSETS

Project Development Expenditures - Project development expenditures represent the Company's share of project development expenditures incurred by the Gladstone Power Station Joint Venture to organize the acquisition of the Gladstone Power Station and operate it subsequent to the acquisition.

Capitalized development expenditures are being amortized over the term of the Gladstone Power Station Power sales agreements (35 years), commencing from the date the investment in the project was consummated. The carrying values of capitalized development expenditures and the amortization periods are reviewed annually and any necessary write down is charged against income. Research expenditures and expenditures on development of existing projects are charged against income in the year in which they are incurred.

Financing Costs - Financing costs represent the Company's share of the costs incurred by the Gladstone Power Station Joint Venture to acquire the long-term debt used to finance the acquisition of the Gladstone Power Station. Capitalized financing costs are being amortized over a ten year period, which represents the timeframe until the Company expects the long-term debt will be refinanced.

TANGIBLE FIXED ASSETS

All tangible fixed assets are stated at cost. The Company has not had any revaluations performed on its tangible fixed assets. Tangible fixed assets, with the exception of land, are depreciated over their estimated useful lives by the straight line method. Ordinary maintenance and repairs are expensed as incurred; replacements and improvements are capitalized.

The estimated useful lives are:

Site roads and preparation	50 years
Generators, systems, stacks, etc	50 years
Coal handling plant	10 - 50 years
Other operating fixed assets	3 - 10 years

STOCKS

Stocks are carried at the lower of cost (principally by the FIFO method or another method which approximates FIFO) and net realizable value. In valuing stocks, appropriate allowance is made for obsolete or slow-moving items.

TRADE DEBTORS

Trade debtors are stated at nominal value net of provision for doubtful debtors.

PROVISIONS

Employee Provisions - Provisions are made for amounts expected to be paid to the operator of the Gladstone Power Station in respect of its employees for the pro rata entitlements for long service and annual leave. These amounts are accrued at actual pay rates having regard to experience of employee's departure and period of service. The provisions are divided into current (expected to be paid in the ensuing twelve months) and non-current portions.

Deferred Tax - Provisions for deferred taxes have been set up where items entering into the determination of accounting profit for one period are recognized for taxation purposes in another. The principal difference arises in connection with the depreciation of fixed assets. In calculating the provision, current tax rates are applied.

COMPANY INCOME TAX

Company income tax is based upon the results reported in the statement of income as adjusted for permanent differences. Current Australian tax rates are applied.

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method.

SUNSHINE STATE POWER (NO. 2) BV

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997 --(CONTINUED)

3. INTANGIBLE FIXED ASSETS

The movements in the intangible fixed assets are summarized as follows:

	Project development expenditures	Financing costs	Total
	AUD'000	AUD'000	AUD'000
COST			
Balance at December 31, 1997	6,111	2,369	8,480
Additions for the year ended December 31, 1998	-	-	-
Balance at December 31, 1998	6,111	2,369	8,480
Additions for the year ended December 31, 1999	-	-	-
Balance at December 31, 1999	6,111	2,369	8,480
ACCUMULATED AMORTIZATION			
Balance at December 31, 1997	(655)	(888)	(1,543)
Amortization for the year ended December 31, 1998	(174)	(237)	(411)
Amortization for the year ended December 31, 1999	(175)	(236)	(411)
Balance at December 31, 1999	(1,004)	(1,361)	(2,365)
Net book value at December 31, 1999	5,107	1,008	6,115

4. TANGIBLE FIXED ASSETS

The movements in the tangible fixed assets are summarized as follows:

	Land	Site roads and preparation	Generators systems, stacks	Coal handling plant	Other operating fixed assets	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
COST						
Balance at December 31, 1997	189	2,480	145,051	8,495	2,600	158,815
Additions	-	11	1,216	30	249	1,506
Disposals	-	-	-	-	(36)	(36)
Balance at December 31, 1998	189	2,491	146,267	8,525	2,813	160,285
Additions	-	36	1,106	1,165	188	2,495
Disposals	-	-	(118)	-	(20)	(138)
Balance at December 31, 1999	189	2,527	147,255	9,690	2,981	162,642

	LAND	SITE ROADS AND PREPARATION	GENERATORS SYSTEMS, STACKS	COAL HANDLING PLANT	OTHER OPERATING FIXED ASSETS	TOTAL
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
ACCUMULATED DEPRECIATION						
Balance at December 31, 1997.....	-	(292)	(14,468)	(1,805)	(1,033)	(17,598)
Charge for the year.....	-	(135)	(4,172)	(602)	(288)	(5,197)
Balance at December 31, 1998.....	-	(427)	(18,640)	(2,407)	(1,321)	(22,795)
Charge for the year.....	-	(48)	(2,933)	(550)	(264)	(3,795)
Balance at December 31, 1999.....	-	(475)	(21,573)	(2,957)	(1,585)	(26,590)
Construction in progress at December 31, 1999 (construction in progress at December 31, 1998 and 1997 was $259 and $1,132, respectively).....						317
Net tangible fixed assets at December 31, 1999.....						136,369

As of January 1, 1999, the depreciation lives for site roads and preparation, generators, systems and stacks and the coal handling plant were prospectively changed from 35 to 50 years. This prospective change reduced 1999 depreciation expense by 1,468.

5. STOCKS

	DECEMBER 31, 1999	DECEMBER 31, 1998	DECEMBER 31, 1997
	AUD'000	AUD'000	AUD'000
Coal.....	4,210	2,021	915
Fuel oils.....	140	73	128
Chemicals.....	9	6	4
Spares and consumables.....	1,075	960	925
	5,434	3,060	1,972

6. RECEIVABLES

	DECEMBER 31, 1999	DECEMBER 31, 1998	DECEMBER 31, 1997

	AUD'000	AUD'000	AUD'000
Trade debtors	4,114	4,763	3,717
Prepayments	166	67	193
	4,280	4,830	3,910

All receivables are due in less than one year.

SUNSHINE STATE POWER (NO. 2) BV

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997 --(CONTINUED)

7. CASH AND BANK BALANCES

All cash and bank balances are held by banks and include investments with maturities of three months or less which are readily convertible to cash. The Company's long-term debt agreement places restrictions on the amount of cash and bank balances which must be maintained. At December 31, 1999, 1998 and 1997, the restricted cash and bank balances totaled $5,653,000, $5,554,000 and $5,425,000, respectively.

8. ISSUED SHARE CAPITAL

The authorized share capital consists of 2,000 shares each having a nominal value of 75 Australian dollars (100 Dutch Guilders), of which 400 shares have been issued and fully paid up at December 31, 1999 and 1998. In prior years, the Company's shares were owned by NRGenerating International BV (396) and Gunwale BV (4). Both NRGenerating International BV and Gunwale BV are wholly owned by NRG Energy, Inc., which is incorporated in the United States of America. During 1999, the shares held by Gunwale BV were sold to NRGenerating International BV.

9. RETAINED EARNINGS

	1999	1998
	AUD'000	AUD'000
Balance at January 1	23,247	21,108
Appropriation of prior years result	5,096	2,139
Balance at December 31	28,343	23,247

10. RESULT FOR THE PERIOD

	AUD'000
Balance at December 31, 1997	2,139
1997 net result appropriated to retained earnings	(2,139)
Net result for the year ended December 31, 1998	5,096
1998 net result appropriated to retained earnings	(5,096)
Net result for the year ended December 31, 1999	8,738
Balance at December 31, 1999	8,738

11. PROVISIONS

	EMPLOYEE PROVISIONS	DEFERRED TAX	TOTAL
	AUD'000	AUD'000	AUD'000
Balance at December 31, 1997	1,088	13,076	14,164
Charged/(released) to income	(12)	1,519	1,507
Balance at December 31, 1998	1,076	14,595	15,671
Charged/(released) to income	97	270	367
Balance at December 31, 1999	1,173	14,865	16,038

Approximately $612 (AUD'000) of the employee provisions are current and expected to be paid during 1999.

12. LONG-TERM LIABILITIES

Secured long-term debt due to third parties

	DECEMBER 31, 1999	DECEMBER 31, 1998	DECEMBER 31, 1997
	AUD'000	AUD'000	AUD'000
Secured - with banks	79,457	85,232	90,460

Current installments of bank long-term debt are included under current liabilities. The interest rate for long-term debt is variable based on an average of the bid rates quoted by the banks plus a margin of 1.5% at December 31, 1999.

The bank long-term debt is repayable as follows (in AUD'000):

2000	5,775
2001	6,366
2002	7,011
2003	7,744
2004	8,520
Thereafter	49,816
	85,232

The bank long-term debt is secured by the Company's ownership interest in the Gladstone Power Station Joint Venture.

Unsecured Subordinated Note Payable (AUD'000)

On March 25, 1994 the Company received loans from NRGenerating International BV and Gunwale BV, the primary shareholders of the Company, in the amount of $42,273 and $427, respectively. The notes payable are subordinated to all other liabilities of the Company, bear no interest and are to be repaid in US dollars. The Company repaid $3,428 to NRGenerating International BV during 1999, and $4,202 and $279 to NRGenerating International BV and Gunwale BV, respectively during 1998, and $11,572 and $113 to NRGenerating International BV and Gunwale BV respectively during 1997. Repayments on the notes payable are at the discretion of the Company, unless certain events of termination occur, as defined, and then the entire balance of the notes becomes due. The note balances, as adjusted for current period activity and foreign exchange fluctuations, were $19,480 and $0 to NRGenerating International BV and Gunwale BV at December 31, 1999, respectively, $24,437 and $0 to NRGenerating International BV and Gunwale BV at December 31, 1998 respectively, and $27,806 and $279 to NRGenerating International BV and Gunwale BV at December 31, 1997.

13. CURRENT LIABILITIES

	DECEMBER 31, 1999 AUD'000	DECEMBER 31, 1998 AUD'000	DECEMBER 31, 1997 AUD'000
Current installments of bank long-term debt	5,775	5,228	4,758
Trade creditors/suppliers	1,160	709	826
Accrued coal/rail costs	2,129	2,045	1,429
Accrued interest	677	413	489
Other accrued expenses	187	94	215
	9,928	8,489	7,717

14. RELATED PARTIES

An affiliate of the Company, Sunshine State Power BV owns 20% of the Gladstone Power Station Joint Venture. Sunshine State Power BV is owned by the

owners of the Company.

The Gladstone Power Station is operated by NRG Gladstone Operating Services Pty Ltd, which is ultimately a wholly-owned subsidiary of NRG Energy Inc. NRG Gladstone Operating Services Pty Ltd operates the Gladstone Power Station under the terms of the Operation and Maintenance Agreement with the Gladstone PowerStation Joint Venture. During the periods ended December 31, 1999, 1998 and 1997, the Company paid NRG Gladstone Operating Services Pty Ltd approximately $338, $345 and $260 (A$S'000) respectively in operators fees under the terms of the Operation and Maintenance Agreement.

15. NUMBER OF EMPLOYEES

The average number of persons employed at the Gladstone Power Station during 1999 was approximately 400. These individuals are primarily employed in the operations and maintenance areas of the station. The Company is responsible for 17.5% of the related costs for these employees. The Company itself has no employees.

16. REMUNERATION OF DIRECTORS

During the periods ended December 31, 1999, 1998 and 1997, none of the directors received remuneration for their services as directors of the Company.

EXHIBIT 99.4

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Member of West Coast Power LLC:

We have audited the accompanying combined balance sheet of West Coast Power LLC (a Delaware limited liability company and wholly owned subsidiary of West Coast Power Holdings LLC) as of December 31, 1999, and the related combined statements of operations, member equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Coast Power LLC as of December 31, 1999, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
March 15, 2000

WEST COAST POWER LLC

COMBINED BALANCE SHEET--DECEMBER 31, 1999

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 42,291,460
Accounts receivable-	
Trade	62,345,036
Affiliates	12,425,151
Less- Contingent revenues receivable (Note 6)	(15,905,719)
Accounts receivable, net	58,864,468
Inventory	15,603,482
Prepaid expenses	2,602,078

Loans to affiliates (Note 6)	11,465,643
Total current assets	130,827,131
PROPERTY, PLANT AND EQUIPMENT, at cost:	
Land	56,583,322
Plant and equipment	489,919,078
Less- Accumulated depreciation	(30,393,600)
Property, plant and equipment, net	516,108,800
OTHER ASSETS:	
Goodwill, net of amortization of $5,696,859	26,890,324
Deferred financing costs, net of amortization of $771,030	5,397,186
Total other assets	32,287,510
Total assets	$ 679,223,441
LIABILITIES AND MEMBER EQUITY	
CURRENT LIABILITIES:	
Current maturities of long-term debt	$ 25,000,000
Accounts payable-	
Trade	16,166,426
Affiliates (Note 3)	13,696,198
Accrued liabilities	26,745,567
Contingent revenues collected (Note 6)	21,927,348
Overhaul and maintenance reserves	11,190,440
Total current liabilities	114,725,979
LONG-TERM DEBT, net of current maturities	272,500,000
COMMITMENTS AND CONTINGENCIES (Notes 6 and 7)	
MEMBER EQUITY	291,997,462
Total liabilities and member equity	$ 679,223,441

The accompanying notes are an integral part of these combined financial statements.

WEST COAST POWER LLC

COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES:	
Nonaffiliate	$ 240,106,695
Affiliate	49,472,254
	289,578,949
Less- Contingent revenues (Note 6)	(10,849,362)
Net revenues	278,729,587
OPERATING COSTS	(206,940,346)

Operating margin	71,789,241
DEPRECIATION AND AMORTIZATION	(26,397,605)
GENERAL AND ADMINISTRATIVE EXPENSES	(2,077,259)
Income from operations	43,314,377
INTEREST EXPENSE	(16,616,034)
INTEREST INCOME	2,346,407
NET INCOME	$ 29,044,750

The accompanying notes are integral part of these combined financial statements.

WEST COAST POWER LLC

COMBINED STATEMENT OF MEMBER EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1999

BALANCE, January 1, 1999	$ 134,850,078
Contributions	142,642,634
Net income	29,044,750
Distributions	(14,540,000)
BALANCE, December 31, 1999	$ 291,997,462

The accompanying notes are an integral part of these combined financial statements.

WEST COAST POWER LLC

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 29,044,750
Adjustments to reconcile net income to net cash provided by (used in) operating activities-	
Depreciation and amortization	26,397,605
Changes in assets and liabilities that provided (used) cash-	
Accounts receivable	(6,076,473)
Contingent receivables	(22,849,885)
Inventory	(65,213)
Prepaid expenses	(1,554,054)
Payables	22,449,400
Accrued liabilities	(84,399,090)
Overhaul and maintenance reserve	8,065,007
Contingent revenues collected	(3,023,449)
Other, net	(5,901,933)

Net cash used in operating activities	(37,913,335)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(3,523,332)
Business acquisitions, net of cash acquired	(352,500,064)
Net cash used in investing activities	(356,023,396)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term borrowings	378,366,037
Repayments of long-term borrowings	(80,866,037)
Loans to affiliates	(11,465,643)
Contributions	142,642,634
Distributions	(14,540,000)
Net cash provided by financing activities	414,136,991
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,200,260
CASH AND CASH EQUIVALENTS, beginning of year	22,091,200
CASH AND CASH EQUIVALENTS, end of year	$ 42,291,460
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 15,086,581

The accompanying notes are an integral part of these combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. FORMATION AND NATURE OF OPERATIONS:

Formation

Prior to 1999, Dynegy Power Corp. (DPC), a wholly owned subsidiary of Dynegy Inc. (Dynegy), and NRG Energy, Inc. (NRG), a wholly owned subsidiary of Northern States Power (collectively, the Members), each held a 50 percent interest in two limited liability companies: El Segundo Power, LLC (ESP), and Long Beach Generation LLC (LBG) (collectively, the Historical LLCs). In May 1999, the Members acquired the assets and liabilities which make up Cabrillo Power I LLC (Cabrillo I) and Cabrillo Power II LLC (Cabrillo II) (collectively, the New LLCs). Effective June 30, 1999, the Members formed WCP Holdings LLC (Holdings) and West Coast Power LLC (WCP). The Members have an equal interest in Holdings and share in profits and losses equally. WCP is wholly owned by Holdings and serves as a holding company for the Historical LLCs and New LLCs. The accompanying combined financial statements represent the financial position and results of operations and cash flows of WCP. Upon formation of WCP, the assets and liabilities of the Historical LLCs were contributed to WCP by the Members and were recorded at their historical costs because the transfer represented a reorganization of entities under common control. Operating results for the Historical LLCs are included in WCP's combined statement of operations for all of 1999. Results of operations of the New LLCs are included in WCP's combined statement of operations from the date acquired by the Members from third parties, in May 1999 (see Note 8).

Operations

ESP owns a 1,020-megawatt (MW) plant located in El Segundo, California, consisting of four steam electric generating units. ESP's assets were purchased from the Southern California Edison Company (SCE) through a competitive bid process for $88.3 million on April 4, 1998. The facility operates as a merchant plant, selling energy and ancillary services, as defined in the California Independent System Operator (ISO) tariff, to the deregulated California wholesale electric market. The facility also had a Must-Run Agreement (MRA) with the ISO. The MRA was terminated by the ISO on December 31, 1999.

LBG owns a 560-MW plant located in Long Beach, California, consisting of seven 60-MW gas turbine generators, and also owns two 70-MW steam turbine units. LBG's assets were purchased from SCE on April 1, 1998, through a competitive bid process for $29.8 million. The facility operates as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market.

Cabrillo I owns a 965-MW plant located in Carlsbad, California, consisting of five steam electric generating units and one combustion turbine. Cabrillo I's assets were purchased from San Diego Gas & Electric (SDG&E) on May 22, 1999, at a purchase price of $283.4 million. The facility operates as a merchant plant, selling energy and ancillary services to the California wholesale electric market. The facility also has an MRA with the ISO.

Cabrillo II owns 17 combustion turbines with an aggregate capacity of 253 MW located throughout San Diego County, California. Cabrillo II's assets were purchased on May 22, 1999, from SDG&E through a competitive bid process for a purchase price of $69.1 million. The facility operates as a merchant plant, selling energy and ancillary services to the California wholesale electric market. The facility also has an MRA with the ISO.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents

WCP considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

Revenues from the sale of energy and ancillary services are recorded based upon output delivered and/or service provided multiplied by contract terms where applicable and/or market pricing. Revenues received from the MRA are primarily derived from availability payments and amounts based on reimbursing variable costs. Virtually all of WCP's sales are to the ISO and the California Power Exchange. Affiliate revenues represent sales to Dynegy Power Marketing, Inc. (see Note 3). Revenues identified as contingent are appropriately reserved, as discussed in Note 6.

Federal Income Taxes

WCP is not a taxable entity for federal income tax purposes. Accordingly, there is no provision for income taxes in the accompanying financial statements.

Property, Plant and Equipment

Plant and equipment costs are being depreciated on a straight-line basis over an estimated useful life of three to 29 years.

Goodwill

Goodwill represents the excess purchase cost over the estimated fair value of the assets acquired and liabilities assumed and is being amortized on a straight-line basis over pro rated three-year and 15-year estimated useful lives based on the useful life of the related plant and equipment.

Overhaul and Maintenance Reserves

WCP accrues major overhaul and maintenance costs expected to be incurred that are not covered by the operations and maintenance agreements (see Note 4). Other maintenance and repair costs are charged to expense as incurred.

Environmental Costs

Environmental costs relating to current operations are expensed. Liabilities are recorded when an environmental assessment indicates that remedial efforts are probable and the costs can be reasonably estimated.

Risk Management Activities

WCP periodically enters into financial instrument contracts to hedge purchase and sale commitments and fuel requirements of natural gas and electricity in order to minimize the risk of market fluctuations. Gains and losses from hedging transactions are recognized in income and are reflected as cash flows from operating activities in the periods in which the underlying commodity being hedged is sold or purchased or at expiration of the hedge. If necessary correlation to the commodity being hedged ceases to exist, further gains or losses associated with such contract(s) are recognized in income beginning in the period correlation is lost. At December 31, 1999, in connection with the open risk management contracts designated as hedges, WCP recorded deferred revenue of approximately $8.6 million, which is classified as an accrued liability in the accompanying balance sheet.

Use of Estimates in
Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires estimates and assumptions that affect the reported amounts of assets and liabilities as well as certain disclosures. WCP's financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

Fair Value of Financial Instruments

WCP's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and debt instruments. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable are representative of their respective fair values due to the short-term maturity of these instruments. The carrying amount of WCP's debt instruments is considered to approximate the fair value of these instruments as their interest rates are based on the London Interbank Offering Rate (LIBOR). WCP has entered into certain interest rate swap agreements in order to fix the effective interest rate (see Note 5).

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives will be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. SFAS No. 133 is effective for all fiscal years beginning after June 15, 2000. WCP's management does not anticipate that the adoption of SFAS No. 133 will have a material impact on its financial position or the results of its operations.

3. RELATED PARTIES:

WCP has contracted with affiliates of Dynegy to provide management services, as described below. Total costs and management fees associated with these services, excluding accrued fees related to contingent revenues (see Note 6), were approximately $5,248,000 in 1999.

WCP contracted with Dynegy Power Management Services, L.P., an affiliate of WCP, to manage the Administrative Services Management Agreement (ASMA) which provides administrative services such as business management and accounting to WCP. Fees for such services are subject to executive committee approval if the amounts exceed a certain percentage of the applicable annual approved budget. The executive committee consists of two representatives, each from Dynegy and NRG.

WCP contracted with Dynegy Power Marketing, Inc., an affiliate of WCP, to provide all power scheduling, power marketing and trading and risk management for WCP under an energy management agreement (EMA).

WCP contracted with Dynegy Marketing and Trade, an affiliate of WCP, to provide all scheduling and marketing of fuel supply for WCP under the EMA.

WCP has also contracted with NRG West Coast, Inc., an affiliate of WCP, to manage the Operations and Management Services Agreement (OMSA). These services consist primarily of overseeing the operations and maintenance efforts of SCE and SDG&E (see Note 4). SCE and SDG&E will operate their respective facilities for two years from the acquisition dates (see Note 1); after that time, the OMSA will be renegotiated and NRG will take over operations of the facility. Fees for such services are subject to executive committee approval if the amounts exceed a certain percentage of the applicable annual approved budget. Fees associated with this service totaled approximately $744,000 in 1999.

4. SCE AND SDG&E OPERATION AND MAINTENANCE AGREEMENT:

As part of the acquisition of each of the Historical LLCs, WCP was required to enter into operation and maintenance (O&M) agreements with SCE, which will expire in April 2000. For the New LLCs' acquisition, WCP was required to enter into an O&M agreement with SDG&E, which will expire in May 2001. The SCE and SDG&E O&M agreements are cost-plus agreements based on SCE's and SDG&E's estimates of the direct and indirect service costs for operating and maintaining the plant sites. Expenses related to such services of approximately $25,900,000 in 1999 were included in operating costs in the accompanying statement of operations.

5. LONG-TERM DEBT:

WCP entered into a credit agreement with Bank of America Securities LLC, as agent, to arrange with a syndicate of banks a five-year $322,500,000 amortizing term loan with a balloon payment and a $40,000,000 working capital facility line of credit (the Credit Agreement); the credit agreement matures in June 2004. The interest rate used on the outstanding loan balance is based upon LIBOR plus 2.0 percent, increasing in year three to 2.125 percent. During 1999, WCP borrowed and repaid approximately $33,000,000 on the working capital facility. WCP paid interest on these borrowings of approximately $13,218,000 in 1999.

On September 30, 1999, WCP entered into two interest rate swap agreements related to WCP's debt. One agreement effectively fixed the interest rate at 6.435 percent for the first $60,000,000 and matures June 2004. The second swap agreement effectively fixed the interest rate at 6.230 percent for an incremental $40,000,000 and matures in June 2002. The fair value of these swap agreements at December 31, 1999, was $1,017,000 and $466,000 for the swaps maturing in 2004 and 2002, respectively.

The credit agreement is secured by all of WCP's assets and membership interests. Dynegy and NRG have provided limited guarantees for environmental capital expenditures and interest. Environmental capital expenditures, as defined in the Credit Agreement, will be funded by the Members, who will make capital contributions or subordinated loans to WCP to the extent necessary for environmental capital expenditures up to an aggregate of $80 million.

Future maturities of principal under the term loan are as follows:

2000	$ 25,000,000
2001	24,000,000
2002	18,000,000
2003	18,000,000
2004	212,500,000
	$ 297,500,000

6. CONTINGENT REVENUES:

WCP has accrued certain reserves pertaining to contingent revenues. These reserves relate to various disputes with customers that are subject to contract interpretations, compliance with processes and filed market disputes. The following summarizes the status of these reserves as of December 31, 1999.

December 31, 1999-	
Contingent revenues receivable	$ 15,906,000
Contingent revenues collected	21,927,000
Total balance sheet reserve	37,833,000
1998 revenues in dispute at December 31, 1999	(17,794,000)

1999 revenues disputed	20,039,000
Revenues reserved during 1998, settled in 1999	(9,190,000)
Revenues reserved during 1999	$ 10,849,000

WCP is actively pursuing resolution and/or collection of these amounts. Contingent revenues receivable in the accompanying balance sheet are reflected net of accrued management fees, while contingent revenues collected represent cash received related to such contingent items. Management believes that all recorded amounts related to contingent items are accruable based on contractual interpretations and compliance with processes and upon any final resolution and/or collection of these amounts, such revenues will be recognized in earnings. WCP loaned the Members a total of $11.4 million collected from contingent revenues in 1999. These receivables are reflected as loans to affiliates in the accompanying combined balance sheet.

7. COMMITMENTS AND CONTINGENCIES:

WCP is involved in disputes arising in the ordinary course of business. Management does not believe the outcome of such disputes will have a material adverse effect on WCP's financial position or results of operations.

8. ACQUISITION OF CABRILLO I AND II:

In May 1999, the Members acquired the assets and liabilities of Cabrillo I and Cabrillo II from a third party. The acquisition was accounted for using the purchase method of accounting. Accordingly, the purchase cost, net of working capital, was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The purchase price allocation as presented herein is considered preliminary and is dependent upon subsequent valuation of individual assets and liabilities and the ultimate resolution of certain pending legal and other contingencies existing at the time of acquisition. Cash paid for the acquisition was allocated as follows:

	Cabrillo I	Cabrillo II
Assets acquired-		
Current assets and other	$ 7,279,000	$ 3,886,000
Noncurrent assets	370,588,000	66,675,000
Liabilities assumed	(94,501,000)	(1,427,000)
Cash paid	$ 283,366,000	$ 69,134,000

The following unaudited pro forma information presents a summary of combined results of operations of WCP for the year ended December 31, 1999, as if the acquisition of the New LLCs by the Members and subsequent transfer to WCP had occurred on January 1, 1999.

Revenues	$ 300,418,772
Net income	23,593,479

These unaudited pro forma results have been prepared for comparative purposes only and include certain adjustments, such as additional depreciation expense as a result of the increased basis of fixed assets. They do not purport to be indicative of the results of operations which actually would have resulted had the combination been effective on January 1, 1999, or of future results of operations of the combined entities.