

DOCKET 50-146

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

For Div of Inspection

Application for  
Reactor Construction Permit and Operating License

Docket No. 50-146  
Amendment No. 2

The above entitled application, dated July 23, 1959, is hereby amended by adding the following appendices thereto:

APPENDIX J. By-Laws of Saxton Nuclear Experimental Corporation.

APPENDIX K. Excerpt from Minutes of Meeting of the Board of Directors of Jersey Central Power & Light Company held on September 24, 1959.

APPENDIX L. Excerpt from Minutes of Meeting of the Board of Directors of New Jersey Power & Light Company held on September 24, 1959.

APPENDIX M. Excerpt from Minutes of Meeting of the Board of Directors of Pennsylvania Electric Company held on June 8, 1959.

APPENDIX N. Excerpt from Minutes of Meeting of the Board of Directors of Metropolitan Edison Company held on August 4, 1959.

APPENDIX O. Excerpt from Minutes of Meeting of the Board of Directors of Saxton Nuclear Experimental Corporation held on June 8, 1959.

APPENDIX P. Unanimous consent of Directors of Saxton Nuclear Experimental Corporation duly executed under date of October 23, 1959.

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

Attest:

By /s/ R. E. Neidig  
President

(S E A L)

/s/ E. L. Barth  
Secretary

Sworn and subscribed to before me this 23rd day of  
October 1959.

(S E A L)

/s/ Martin A. Kohr  
Notary Public  
Muhlenberg Township, Berks County  
My Commission Expires Feb. 4, 1962

APPENDIX J

50-146  
DIV OF INVESTIGATION

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

BY-LAWS

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

BY-LAWS

Offices

1. The registered office of the Corporation shall be in Muhlenberg Township, Berks County, Pennsylvania. The Corporation may also have offices at such other places as the Board of Directors may from time to time designate or the business of the Corporation may require.

Seal

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

Stockholders' Meetings

3. All meetings of stockholders shall be held at the registered office of the Corporation or at such other place within or without the Commonwealth of Pennsylvania as shall be fixed by the Board of Directors. Such meetings shall be presided over by the Chairman of the Board or, in his absence, by the President or a Vice President.

4. Annual meetings of stockholders shall be held on the second Monday of April in each year, if not a legal holiday, and, if a legal holiday, then on the next business day following, at 2:00 o'clock in the afternoon. At the annual meeting the stockholders entitled to vote shall elect by ballot a Board of Directors and transact such other business as may properly be brought before the meeting. Prior to any meeting of stockholders at which an election of directors is to be held, the Board of Directors shall appoint three inspectors of election to serve at such meeting. If there be a failure to appoint inspectors or if any inspector be absent or refuse to act or if his office becomes vacant, the stockholders present at the meeting, by a per capita vote, shall choose temporary inspectors of the number required. No director or officer of the Corporation shall be eligible to appointment or election as an inspector.

5. Except as otherwise provided by law or by the Articles of Incorporation, the holders of a majority of the shares of stock of the Corporation issued and outstanding and entitled to vote, present in person or by proxy, shall be requisite for, and shall constitute a quorum at, any meeting of the stockholders. If, however, the holders of a majority of such shares of stock shall not be present or represented by proxy at any such meeting, the stockholders entitled to vote thereat, present in person or by proxy, shall have power, by vote of the holders of a majority of the shares of capital stock present or represented at the meeting, to adjourn the meeting from time to time

without notice other than announcement at the meeting, until the holders of the amount of stock requisite to constitute a quorum, as aforesaid, shall be present in person or by proxy, provided, however, that in the case of any meeting called for the election of directors those who attend the second of such adjourned meetings, although less than a quorum as fixed by this Section 5, shall, nevertheless, constitute a quorum for the purpose of electing directors, and provided further, that any meeting at which directors are to be elected shall be adjourned only from day to day or for such longer periods not exceeding fifteen (15) days each, as the holders of a majority of shares present in person or by proxy shall direct, until such directors have been elected. At any adjourned meeting at which such quorum shall be present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally noticed.

6. At each meeting of stockholders each holder of record of shares of capital stock then entitled to vote shall be entitled to vote in person, or by proxy appointed by instrument executed in writing by such stockholder or by his duly authorized attorney; but no proxy shall be valid after the expiration of eleven months from the date of its execution unless the stockholder executing it shall have expressly specified therein the length of time it is to continue in force, which shall be for some specified period. In all elections for directors, each member having a right to vote shall be entitled to as many votes as shall equal the number of votes which he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be elected, and he may cast all such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit. Each holder of record of shares of capital stock entitled to vote at any meeting of stockholders shall be entitled to one vote for every share of capital stock standing in his name on the books of the Corporation. Shares of capital stock of the Corporation, belonging to the Corporation or to a corporation controlled by the Corporation through stock ownership, shall not be voted. All elections shall be determined by a plurality vote, and, except as otherwise provided by law or by the Articles of Incorporation, all other matters shall be determined by a vote of the holders of a majority of the shares of the capital stock present or represented at a meeting and voting on such questions. Voting by ballot shall not be required.

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

8. Notice of every meeting of stockholders, setting forth the time and place and briefly the purpose or purposes thereof, shall be mailed, not less than five (5) days prior to such meeting, to each stockholder of record (at his address appearing on the stock books of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request) as of a date fixed by the Board of Directors pursuant to Section 41 of the By-Laws. Except as otherwise provided by law, by the Articles of Incorporation, or by the By-Laws, items of business, in addition to those specified in the notice of meeting, may be



transacted at the annual meeting.

#### Directors

9. The property and business of the Corporation shall be managed by its Board of Directors, which shall consist of four directors. Directors need not be members of the Corporation. The directors who shall serve until the election of directors at the annual meeting of stockholders in the year 1960 and until the election of their successors, shall be the persons designated in the Articles of Incorporation as the initial directors. Directors elected in 1960 and in subsequent years shall be elected at the annual meeting of stockholders, or, if any such election shall not be held, at a meeting called and held in accordance with the provisions of the Nonprofit Corporation Law of the Commonwealth of Pennsylvania. Each director shall serve until the next annual meeting of stockholders and thereafter until his successor shall have been elected and shall qualify.

10. In addition to the powers and authority by the By-Laws expressly conferred upon it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Articles of Incorporation or by the By-Laws directed or required to be exercised or done by the stockholders.

11. The Board of Directors, by the vote of a majority of the total number of directors provided for in Section 9 of the By-Laws, may approve contracts for the borrowing of money by the Corporation, and any renewals and extensions thereof, and may purchase, sell, lease away, mortgage, exchange or otherwise dispose of real estate, at such times and upon such terms and conditions as they shall determine. Loans to the Corporation may be secured in whole or in part by liens upon any or all of the assets of the Corporation, as said majority of the Board of Directors may decide.

12. In the absence of fraud, no contract or other transaction between the Corporation and any individual, partnership or corporation shall be affected by the fact that any director or officer of the Corporation may be interested in such contract or transaction, whether by reason of being a party thereto or a partner in, or director or officer of such partnership or corporation, if such contract or transaction shall be authorized, approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors at which a quorum shall be present; provided, however, that the interest of any director or officer in any such contract or transaction shall be fully disclosed at such meeting and that a director who is so interested may not be counted at any such meeting for the purpose of determining the existence of a quorum to consider and vote upon any contract or transaction in which he is so interested and that the vote of such a director may not be counted at any such meeting for the purpose of determining the existence of the affirmative vote of a majority of the directors as aforesaid in favor of the authorization, approval or ratification of any contract or transaction in which he is so interested.

No director or officer shall be liable to account to the Corporation for any profit realized by him from or through any such contract or transaction of the Corporation by reason of his interest as aforesaid in such contract or transaction if such contract or transaction shall be authorized, approved or ratified as aforesaid.

No contract or other transaction between the Corporation and any of its parents shall in any case be void or voidable or otherwise affected because of the fact that directors or officers of the Corporation are directors or officers or stockholders of such parent, nor shall any such director or officer, because of such relation, be deemed interested in such contract or other transaction under any of the provisions of this Section 12, nor shall any such director be liable to account because of such relation. For the purpose of this Section 12, the term "parent" shall mean any corporation owning more than 5% of the issued and outstanding shares having ordinary voting power of this Corporation.

Nothing herein shall create liability in any of the events described in this Section 12 or prevent the authorization, ratification or approval, in any other manner provided by law, of any contract or transaction described in this Section 12.

#### Meetings of the Board of Directors

13. The first meeting of the Board of Directors, for the purpose of organization, the election of officers, and the transaction of any other business which may come before the meeting, shall be held without any prior notice, immediately following the annual meeting of stockholders at which directors are elected, at the same place at which said annual meeting of stockholders is held.

14. Regular meetings of the Board of Directors may be held without notice except for the purpose of taking action on matters as to which notice is in the By-Laws required to be given, at such time, and at such place within or without the Commonwealth of Pennsylvania, as shall from time to time be designated by the Board. Special meetings of the Board of Directors may be called by the Board of Directors, the Chairman of the Board or by the President or in the absence or disability of the Chairman of the Board and the President, by a Vice President, or by any two directors, and may be held at the time and place within or without the Commonwealth of Pennsylvania designated in the call and notice of the meeting.

15. Except as otherwise provided by the By-Laws, any item of business may be transacted at any meeting of the Board of Directors, whether or not such item of business shall have been specified in the notice of meeting. Where notice of any meeting of the Board of Directors is required to be given by the By-Laws, the Secretary or other officer performing his duties shall give notice either personally or by telephone or telegraph at least twenty-four hours before the meeting, or by mail at least three days before the meeting. Meetings may be held at any time and place without notice if all the directors are present or if those not present waive notice in writing either before or after the meeting.

16. At all meetings of the Board of Directors, a majority of the total number of directors provided for in Section 9 of the By-Laws shall be requisite for, and shall constitute, a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or by the Articles of Incorporation or by the By-Laws, provided, however, that if all the directors shall severally or collectively consent in writing to any action to be taken by the Corporation, such action shall be as valid corporate action as though it had been authorized at a meeting of the Board of Directors.

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

#### Committees

18. The Board of Directors may, by the vote of a majority of the total number of Directors provided for in Section 9 of the By-Laws, create an Executive Committee, consisting of three or more members. The other members of the Executive Committee shall be designated by the Board of Directors from their number, shall hold office for such period as the Board of Directors shall determine and may be removed at any time by the Board of Directors. When a member of the Executive Committee ceases to be a director he shall cease to be a member of the Executive Committee. The Executive Committee shall have all the powers specifically granted to it by the By-Laws and, between meetings of the Board of Directors, may also exercise the powers of the Board of Directors. The Executive Committee shall have no power to revoke any action taken by the Board of Directors, and shall be subject to any restrictions imposed by law, by the By-Laws, or by the Board of Directors.

19. The Executive Committee shall cause to be kept regular minutes of its proceedings, which may be transcribed in the regular minute book of the Corporation, and all such proceedings shall be reported to the Board of Directors at its next succeeding meeting, and the action of the Executive Committee shall be subject to revision or alteration by the Board of Directors, provided that no rights which, in the absence of such revision or alteration, third persons would have had shall be affected by such revision or alteration. A majority of the Executive Committee shall constitute a quorum at any meeting. The Board of Directors may by vote of a majority of the total number of directors provided for in Section 9 of the By-Laws fill any vacancies in the Executive Committee. The Executive Committee shall designate one of its members as Chairman of the Executive Committee and may, from time to time, prescribe rules and regulations for the calling and conduct of meetings of the Committee, and other matters relating to its procedure and the exercise of its powers.

20. From time to time the Board of Directors may appoint (from among their number and/or from any other persons) any other committee or committees for any purpose or purposes, which committee or committees shall have such powers and such tenure of office as shall be specified in the resolution of appointment. The President shall be a member ex officio of all committees of the Corporation.

#### Compensation and Reimbursement of Directors and Members of the Executive Committee

21. Directors, other than salaried officers, shall receive no compensation for their services as directors, but shall be reimbursed for their reasonable expenses of attendance, if any, at each regular or special meeting of the Board of Directors.

22. Members of the Executive Committee shall receive no compensation for their services as such members, but shall be reimbursed for their reasonable expenses, if any, in attending meetings of the Executive Committee or otherwise performing their duties as members of the Executive Committee.

#### Officers

23. The officers of the Corporation shall be chosen by vote of a majority of the total number of directors provided for in Section 9 of the By-Laws and shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and a Comptroller, and may include a Chairman of the Board, one or more Assistant Secretaries, one or more Assistant Treasurers, and one or more Assistant Comptrollers. The Chairman of the Board of Directors shall be chosen from among the directors. None of the other officers need be a director. Neither the Chairman of the Board, the President, the Comptroller nor any Assistant Comptroller may occupy any other office. With the above exceptions, any two offices may be occupied and the duties thereof may be performed by one person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

24. The officers of the Corporation shall receive such salaries as shall be determined from time to time by the Board of Directors. Pending action by the Board of Directors, the Executive Committee, or, if there be none, the President may choose, and determine the salaries of, persons who may temporarily fill the offices of Assistant Secretary or Assistant Treasurer.

25. The Board of Directors or the Executive Committee may appoint such other officers and such representatives or agents as shall be deemed necessary, who shall hold office for such terms, exercise such powers, perform such duties, and receive such salaries or other compensation, as shall be determined from time to time by action of the Board of Directors, or, pending action of the Board of Directors, by the Executive Committee.

26. The salary or other compensation of all other employees shall, in the absence of any action by the Board of Directors or the Executive Committee be fixed by the President or by such other officer as shall be designated for that purpose by the Board of Directors.

27. The officers of the Corporation shall hold office until the first meeting of the Board of Directors after the next succeeding annual meeting of stockholders and until their respective successors are chosen and qualify. Any officer elected pursuant to Section 23 of the By-Laws may be removed at any time, with or without cause, by the vote of a majority of the total number of directors provided for in Section 9 of the By-Laws. Any other officer and any representative, employee or agent of the Corporation may be removed at any time, with or without cause, by action of the Board of Directors or, in the absence of action by the Board of Directors, by the Executive Committee or the President or such other officer as shall have been designated for that purpose by the President.

#### Chairman of the Board

28. (a) The Chairman of the Board shall preside at all meetings of the Board of Directors and of the stockholders, except when by statute the election of a presiding officer shall be required.

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



(c) In the absence or disability of the President, or if his office shall at any time become vacant, the Chairman of the Board may be vested by the Board of Directors with authority to have and exercise all the powers and duties of the President during such absence or disability, or until the vacancy in the office shall be filled.

#### The President

29. (a) The President shall be the chief executive officer of the Corporation. He shall, in the absence of the Chairman of the Board and except as otherwise by law provided, preside at all meetings of the stockholders and directors. He shall have supervision, direction and control of the conduct of the business of the Corporation, subject, however, to the control of the Board of Directors and the Executive Committee, if there be one.

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

(c) He may, unless otherwise directed by the Board of Directors pursuant to Section 3. of the By-Laws, attend in person or by substitute or proxy appointed by him and act and vote in behalf of the Corporation at all meetings of the stockholders of any corporation in which the Corporation holds stock.

(d) He shall, whenever it may in his opinion be necessary, prescribe the duties of officers and employees of the Corporation whose duties are not otherwise defined.

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

#### Vice President

30. (a) The Vice President shall, at the request or in the absence or disability of the President, have supervision, direction and control of the conduct of the business of the Corporation unless the Chairman of the Board shall, pursuant to action of the Board of Directors, have been vested with the powers and duties of the President. In that event, the Vice President shall, at the request, or in the absence or disability of the Chairman of the Board, have supervision, direction and control of the business of the Corporation.

(b) He may sign in the name of and on behalf of the Corporation, contracts, agreements or other instruments authorized by the Board of Directors or the Executive Committee, except in cases where the signing thereof shall be expressly delegated by the Board of Directors or the Executive Committee to some other officer or agent of the Corporation.

(c) He may, in the absence of the President or in case of the failure of the President to appoint a substitute or proxy as provided in Section 29(c) of the By-Laws, unless the powers of the President have been vested in the Chairman of the Board as provided in Section 28(c) or unless otherwise directed

by the Board of Directors pursuant to Section 38 of the By-Laws, attend in person or by substitute or proxy appointed by him and act and vote in behalf of the Corporation at all meetings of the stockholders of any corporation in which the Corporation holds stock.

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

(e) If there be more than one Vice President, the Board of Directors shall assign to such Vice Presidents their respective duties and may designate one Vice President as executive Vice President to have supervision, direction and control of the business of the Corporation in the absence or disability of the President, or, if the Chairman of the Board shall, pursuant to action of the Board of Directors, have been vested with the powers and duties of the President, in the absence or disability of the Chairman of the Board.

#### The Secretary

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

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

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

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

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

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

(g) Any Assistant Secretary or Assistant Secretaries shall assist the Secretary in the performance of his duties, shall exercise his powers and duties at his request or in his absence or disability, and shall exercise such other powers and duties as may be prescribed by the Board of Directors.



#### The Treasurer

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

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

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

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

(e) He shall render an account of all his transactions as Treasurer at all regular meetings of the Board of Directors, or whenever the Board may require it, and at such other times as may be requested by the Board or by any director of the Corporation.

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

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

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

#### Comptroller

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

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

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

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

(e) He shall render reports of the operations and business and of the condition of the finances of the Corporation at regular meetings of the Board of Directors, and at such other times as he may be requested by the Board or by any director of the Corporation, and shall render a full financial report at the annual meeting of the stockholders, if called upon to do so.

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

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

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

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

#### Vacancies

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

#### Resignations

35. Any officer or any director of the Corporation may resign at any time, such resignation to be made in writing and transmitted to the Secretary. Such resignation shall take effect from the time of its acceptance, unless some time

be fixed in the resignation, and then from that time. Nothing herein shall be deemed to relieve any officer from liability for breach of any contract of employment resulting from any such resignation.

#### Duties of Officers May be Delegated

36. In case of the absence or disability of any officer of the Corporation, or for any other reason the Board of Directors may deem sufficient, the Board, by vote of a majority of the total number of directors provided for in Section 9 of the By-Laws may, notwithstanding any other provisions of the By-Laws, delegate or assign, for the time being, the powers or duties, or any of them, of such officer to any other officer or to any director.

#### Indemnification of Directors, Officers and Employees

37. (a) No present or future director, officer or employee of the Corporation (or his legal representatives) shall be liable for any act, omission, step or conduct taken or had in good faith, which (whether by condition or otherwise) is required, authorized or approved, or is otherwise in compliance with or in reliance upon a regulation, rule, order or determination issued or made, by a department, agency, board, commission or authority pursuant to any statute of any state or of the United States, including the Public Utility Holding Company Act of 1935, the Federal Power Act and the Atomic Energy Act, whether or not such regulation, rule, order or determination shall subsequently have been amended, rescinded or determined by judicial or administrative authority to be invalid or illegal, or which is taken in contesting in good faith, the validity or legality of any such regulation, rule, order or determination. In any action, suit or proceeding based on any act, omission, step or conduct, as in this paragraph described, the provisions hereof shall be brought to the attention of the court. In the event that any of the foregoing provisions of this paragraph is found by the court not to constitute a valid defense on the ground that any such provisions are not applicable to the particular class of plaintiff, each such director, officer or employee (or his legal representatives) shall be reimbursed for, or indemnified against, all expenses and liabilities reasonably incurred by him or imposed on him, in connection with or resulting from any such action, suit or proceeding (other than for any sums ordered to be paid to the Corporation by him). Such expenses and liabilities shall include, but shall not be limited to judgments, court costs and attorneys' fees.

(b) In addition to the foregoing rights of indemnification any director, officer or employee (or his legal representatives) shall be entitled to all rights of indemnification by, and assessment of expenses against the Corporation to which he may be entitled under any statute now or hereafter in effect or otherwise as a matter of law but any such right of indemnification or assessment shall apply with respect to any liability of any director, officer or employee (or his legal representatives) arising under any of the provisions of the Securities Act of 1933, as amended, only to the extent that such rights of indemnification or assessment may be determined to be valid by a court of competent jurisdiction.

#### Stock of Other Corporations

38. The Board of Directors may authorize any director, officer or other person on behalf of the Corporation to attend, and vote at meetings of the

stockholders of any corporation in which the Corporation shall hold stock, and to exercise thereat any and all the rights and powers incident to the ownership of such stock and to execute waivers of notice of such meetings and calls therefor.

#### Certificates of Stock

39. The certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and may include his address. There shall be printed in clear type upon the face of each certificate of stock, a statement that the Corporation is a nonprofit corporation. No fractional shares of stock shall be issued. Certificates of stock shall be signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, and shall be sealed with the seal of the Corporation. In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate of stock is issued, it may be issued by the Corporation with the same effect as if such officer had not ceased to be such at the date of its issue.

#### Transfers of Stock

40. Shares of stock shall be transferable by assignment or sale by the registered holder thereof or his attorney in fact. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by attorney, lawfully constituted in writing, and upon surrender of the certificate therefor.

#### Fixing of Record Date

41. The Board of Directors is hereby authorized to fix a time, not exceeding forty (40) days preceding the date of any meeting of stockholders or the date fixed for the making of any distribution, or for the delivery of evidences or rights or evidences of interests arising out of any change, conversion or exchange of capital stock, as a record time for the determination of the stockholders entitled to notice of and to vote at such meeting or entitled to receive any such distribution, rights or interests, as the case may be; and all persons who are holders of record of capital stock at the time so fixed and no others, shall be entitled to notice of and to vote at such meeting, and only stockholders of record at such time shall be entitled to receive any such notice, distribution, rights or interests; and the stock transfer books shall not be closed during any such period.

#### Registered Stockholders

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

#### Lost Certificates

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

#### Inspection of Books

44. The Board of Directors may determine whether and to what extent, and at what time and places and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to the inspection of stockholders or any other person.

#### Checks, Notes, Bonds and Other Instruments

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

(b) All bonds, mortgages and other instruments requiring a seal, when authorized by the Board of Directors, shall be executed on behalf of the Corporation by the President or a Vice President, and the seal of the Corporation shall be thereunto affixed by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, who shall, when required, attest the sealing and execution of said instruments. If authorized by the Board of Directors, a facsimile of the seal may be employed and such facsimile of the seal may be engraved, lithographed or printed and shall have the same force and effect as an impressed seal. If authorized by the Board of Directors, the signatures of the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer upon any engraved, lithographed or printed bonds, debentures, notes or other instruments may be made by engraving, lithographing or printing thereon a facsimile of such signatures, in lieu of actual signatures, and such facsimile signatures so engraved, lithographed or printed thereon shall have the same force and effect as if such officers had actually signed the same. In case any officer who has signed, or whose facsimile signature appears on, any such bonds, debentures, notes or other instruments shall cease to be such officer before such bonds, debentures, notes or other instruments shall have been delivered by the Cor-



poration, such bonds, debentures, notes or other instruments may nevertheless be adopted by the Corporation and be issued and delivered as though the person who signed the same, or whose facsimile signature appears thereon, had not ceased to be such officer of the Corporation.

#### Receipts for Securities

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

#### Fiscal Year

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

#### Dividends and Distributions

48. (a) No dividends shall be paid on the stock of the Corporation and no part of the funds and properties furnished to the Corporation by its members (including stockholder members) shall directly or indirectly be returned to such or other members.

(b) No part of the net earnings, if any, of the Corporation shall enure to the benefit of any of its members (including stockholder members).

(c) Upon dissolution, any remaining property which the Corporation may have after provision for the payment and discharge of all the Corporation's debts and liabilities shall, to the extent and in the manner permitted by then applicable requirements of the Atomic Energy Commission, be disposed of to a corporation (selected by the Board of Directors of the Corporation) organized and operated exclusively for educational or scientific purposes and not for profit and engaged in research and development of the use of atomic energy for peaceful purposes and which qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954 (or any successor statutory provision).

#### Directors' Annual Statement

49. The Board of Directors shall present or cause to be presented at each annual meeting of stockholders, and when called for by vote of the stockholders at any special meeting of the stockholders, a full and clear statement of the business and condition of the Corporation.

#### Notices

50. (a) Whenever under the provisions of the By-Laws notice is required to be given to any director, officer or stockholder, it shall not be construed to require personal notice, but, except as otherwise specifically provided, such notice may be given in writing, by mail, by depositing a copy of the same in a post office, letter box or mail chute, maintained by the Post Office Department, postage prepaid, addressed to such stockholder, officer or director, at his address as the same appears on the books of the Corporation.



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

#### Oath of Inspectors of Election

51. The inspectors of election appointed to act at any meeting of the stockholders shall, before entering upon the discharge of their duties, be sworn faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of their ability, and the oaths so taken shall be subscribed by them and immediately filed in the office of the Corporation, with a certificate of the result of the vote taken thereat.

#### Amendments

52. The By-Laws may be made, altered, amended or repealed by the affirmative vote of the holders of a majority of the stock represented and entitled to vote at a meeting of the stockholders duly held, provided that the notice of such meeting shall have included notice of such proposed amendment. Any amendment of the By-Laws proposed by an officer or the Board of Directors of the Corporation for consideration at a meeting of stockholders, or any amendment proposed for such consideration in writing to the Secretary by a stockholder, shall be included in the notice of the meeting. The By-Laws may also be made, altered, amended or repealed by the affirmative vote of a majority of the total number of directors provided for in Section 9 of the By-Laws at a meeting of the Board of Directors, the notice of which shall have included notice of the proposed amendment. In the event of the adoption of any amendment of the By-Laws by the Board of Directors pursuant to this Section, the notice of the annual meeting of stockholders which thereafter shall first be sent to the stockholders shall state that the By-Laws have been amended by the Board of Directors and shall set forth the amendment thus adopted. By the affirmative vote of the holders of a majority of the stock represented and entitled to vote at such meeting the By-Laws may, without further notice, be altered or amended by the deletion of such amendment.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of the By-Laws of SAXTON NUCLEAR EXPERIMENTAL CORPORATION, a nonprofit corporation of the Commonwealth of Pennsylvania, in effect on the date shown below.

WITNESS my hand and the seal of said SAXTON NUCLEAR EXPERIMENTAL CORPORATION.

Dated, October 23 , 1959

(SEAL)

/s/ E. L. BARTH

Secretary of

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

Excerpt from minutes of the Board of Directors of  
Jersey Central Power & Light Company adopted September 24, 1959  
ratifying the action of the officers of the Company in executing  
agreement with Saxton Nuclear Experimental Corporation

SAXTON NUCLEAR EXPERIMENTAL CORPORATION:

Mr. Kohlhepp referred to the fact that, over the past several years, personnel of the Company had been closely following developments relating to the utilization of energy from nuclear fission or fusion for the generation of electric power. He stated that participation by the Company and its personnel in such work had been occasioned by the recognition by the Company that its obligations to its customers and investors requires that it continuously seek, in all reasonable ways commensurate with its financial capabilities, to improve the electric service rendered by it and to increase the efficiency of its operations and to participate from time to time in research and experimental activities directed to these objectives. He stated that, after extensive consideration by the Company and its affiliated American utility operating companies, they had reached the conclusion that one effective way to make progress toward economic nuclear power was to construct, operate and maintain, as an integral component of a research and experimental program, a small experimental reactor in which the potentialities and operating characteristics of certain types of nuclear fuel and reactor components could be rigorously investigated. He stated that the Company and such affiliates had also concluded that it would be desirable to develop a nuclear research project in which personnel of the Company would have a direct participation in the design, construction, operation and maintenance of a nuclear reactor, and the testing, analysis of the results of operation and evaluation of the performance of certain types of nuclear fuel, so that such personnel would have a firm basis for judgment when the time came for the installation by the Company and such affiliates of a commercial scale and economically competitive nuclear plant.

APPENDIX K

Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
Jersey Central Power & Light Company

Mr. Kohlhepp stated that experience in other nuclear projects with un-anticipated increases in cost had caused the Company and such affiliates to conclude that it was important that any nuclear project which was developed by the Company and such affiliates should be so conceived and organized that (a) reasonably precise limits were placed upon the costs to be borne by the Company and such affiliates and (b) a substantial contribution to the project of personnel, experience and funds is made by the manufacturer of the nuclear equipment and fuel. He stated that negotiations had been had over a period of several months with various manufacturers of equipment and that the proposal submitted by Westinghouse Electric Corporation ("Westinghouse") was the most favorable to the Company and such affiliates, not only in terms of cost to the Company and such affiliate but also in terms of the establishment of limitations on the potential cost to the Company and such affiliates and the contributions to the project to be made by the manufacturer.

Mr. Kohlhepp stated that, after intensive investigation it had been concluded that the project should be conducted through the instrumentality of a non-profit corporation and that the Company and such affiliates had caused Saxton Nuclear Experimental Corporation ("SNEC") to be organized. He stated that negotiations had been conducted with Westinghouse concerning the terms of a definitive contract and he presented to, and there was ordered filed with the records of, the meeting, a conformed copy of a contract, dated July 27, 1959, between SNEC and Westinghouse. He stated that this contract set forth the essential terms of the arrangements between SNEC and Westinghouse. He stated that this contract contemplates that (1) Westinghouse will supply the reactor and associated equipment to SNEC for a fixed price of \$6,250,000, (2) Westinghouse will be responsible for furnishing all nuclear fuel and control rod requirements

Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
Jersey Central Power & Light Company

of the project for an operating period of five years, (3) Westinghouse will make substantial contributions of manpower and facilities in connection with the overall research and development efforts, (4) Westinghouse will be responsible for risk of loss or damage to the reactor and plant equipment to be furnished by Westinghouse under the agreement until the first criticality of the reactor and thereafter SNEC will be responsible for all such risk of loss or damage, (5) SNEC will arrange for the issuance of a property damage insurance policy covering, among other things, Pennsylvania Electric Company's existing Saxton Station properties, such policy to be effective with the first loading of fuel into the reactor, with premiums on such policy after the first loading and prior to the first criticality to be borne by Westinghouse except that Pennsylvania Electric Company will pay that part of the premium on such policy which is equivalent to the premium on the physical damage insurance on existing Saxton properties carried by that Company prior to the effective date of such policy, (6) SNEC shall cause Pennsylvania Electric Company to be named as one of the insured parties covered by such policy, (7) SNEC will take out a policy providing such financial protection against third party liability as may be required by the Atomic Energy Act of 1954, as amended, to qualify for government indemnification as contemplated by Section 170 of that Act, and (8) in consideration of Westinghouse's undertakings under the agreement between Westinghouse and SNEC and in consideration of the coverage to be afforded to Pennsylvania Electric Company by the property damage policy referred to, Pennsylvania Electric Company will waive any right of recovery against Westinghouse or Gilbert Associates, Inc. (which has been employed by Westinghouse to assist in performing the work contemplated by the contract) and their agents, employees and contractors for damage to Pennsylvania Electric Company's property arising out of or resulting from the radioactive, toxic, explosive or other hazards, properties of source, special nuclear or by-product material used in connection with the project.

Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
Jersey Central Power & Light Company

Mr. Kohlhepp stated that, in order to implement the contract between SNEC and Westinghouse, an agreement between SNEC, on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, had also been prepared, and he presented it, and there was ordered filed with the records of the meeting, a conformed copy of such agreement dated June 8, 1959. He referred to the fact that the agreement between SNEC, on the one hand, and this Company and its affiliated American utility operating companies provided in essence that (1) Pennsylvania Electric Company would sell to SNEC, at a price of \$500 per acre, a tract of approximately 2 acres adjacent to that Company's existing Saxton Generating Station, such sale to be free and clear of material liens and encumbrances, (2) this Company and its affiliated American utility operating companies approved the execution and delivery by SNEC of the agreement between SNEC and Westinghouse, (3) this Company and its affiliated American utility operating companies would make payments to SNEC from time to time of such sums as shall be required by SNEC in order to meet its financial obligations to Westinghouse under that agreement and such other funds as the board of directors of SNEC shall unanimously determine are required by SNEC during the period of design, construction and operation of SNEC's reactor to carry out its objectives and thereafter to wind up its affairs, (4) SNEC will sell to Pennsylvania Electric Company the steam delivered from SNEC's heat-exchanger at a price which is the approximate replacement value of such steam to that Company under the conditions and at the time of its delivery to that Company and upon the dissolution of SNEC, any remaining property which SNEC may have after provision for its liabilities shall be disposed of to a non-profit educational or scientific corporation and in no event shall any part of the funds or property furnished by this Company or any of its affiliated American operating utilities revert to such companies.



Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
Jersey Central Power & Light Company

Mr. Kohlhepp stated that this Company and its affiliated American operating utility companies would (1) purchase all the authorized capital stock of SNEC (consisting of an aggregate of 20,000 shares) at a price per share equal to the par value thereof, namely, \$1.00 per share, or an aggregate of \$20,000, in order to make provision toward meeting SNEC's working capital requirements and (2) contribute to SNEC the balance of the funds needed by SNEC to carry out its projected financial obligations to Westinghouse and to meet its other financial requirements. He also stated that the agreement with SNEC provided that this Company should purchase 33% of SNEC's capital stock and contribute 33% of the funds thus to be contributed to SNEC. He stated that this percentage had been determined on a basis designed to give recognition to the relative benefits which this Company and its affiliated American utility operating companies may each reasonably expect to receive from the achievement of economic nuclear electric power after taking into consideration their present and projected relative load levels and conventional fuel costs and sequence of installation of commercial scale nuclear power plants.

Mr. Kohlhepp stated that the carrying out of the program which he had outlined and the agreements which he presented to the meeting required, among other things, various filings with regulatory bodies, as well as the filing of an application with the Internal Revenue Service with respect to the proposed tax treatment of the contributions by this Company and its American operating utility affiliates to SNEC.

After discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that the action of the officers of this Company in executing and delivering an agreement dated June 8, 1959 between Saxton Nuclear Experimental Corporation ("SNEC"), on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, in the form presented to this meeting be and the same is hereby ratified, confirmed and approved.



Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
Jersey Central Power & Light Company

RESOLVED, that the action of the proper officers of this Company, in executing and filing, together with certain affiliates, an Application-Declaration on Form U-1 dated August 5, 1959 (filed August 18, 1959) with the Securities and Exchange Commission, seeking the approval of that Commission to the carrying out of the nuclear project known as the Saxton Project, as generally described to this meeting, and the agreements relating thereto presented to this meeting, be and the same is hereby ratified, confirmed and approved.

RESOLVED, that the action of W. H. McElwain, Executive Vice President, in executing in the name and on behalf of this Company an application for ruling by the Commissioner of Internal Revenue with respect to the tax aspects of the Saxton Project, be and the same is hereby ratified, confirmed and approved.

RESOLVED, that the action of W. H. McElwain, Executive Vice President, in executing in the name and on behalf of this Company a Power of Attorney, dated August 12, 1959, appointing Jerome R. Hellerstein, Esq., Victor Brudney, Esq., Hugh J. Campbell and Thomas R. Carpenter, attorneys in fact and agents for the Company to prosecute before the Internal Revenue Service of the United States Treasury Department a request or requests for a ruling with respect to the tax consequences under the Internal Revenue Code of various transactions relating to the Saxton Project, be and the same is hereby ratified, confirmed and approved.

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to execute and file, and/or to join in the execution and filing of, such further applications, declarations, petitions, securities certificates, and/or statements, and amendments and/or supplements to any or all of the foregoing, as, in the judgment of the officers executing the same, may be necessary or appropriate in connection with the carrying out of the nuclear project generally described to this meeting and the agreements relating thereto presented to this meeting, and, in connection with any or all such applications and other documents, and/or any proceedings relating thereto, to designate such attorneys, agents for service and other representatives of this Company as the officers taking such action may deem necessary or appropriate.

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to take any and all other action which in their judgment may be necessary or appropriate to carry out the intent of the foregoing resolutions.

Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
Jersey Central Power & Light Company

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THIS IS TO CERTIFY that the undersigned is Secretary of JERSEY CENTRAL POWER & LIGHT COMPANY, a corporation of the State of New Jersey; that the above and foregoing is a true and correct excerpt of certain preambles and resolutions duly and regularly adopted by the Board of Directors of said Company at a meeting thereof duly convened and held on the 24th day of September 1959, at which meeting a quorum was present and voted, and that said resolutions have not been annulled, revoked or amended in any way whatsoever and are in full force and effect.

WITNESS the signature of the undersigned as such officer of the Company and its corporate seal hereunto affixed this 23rd day of October 1959.

(SEAL)

(Sgd) R. W. Aul  
Secretary

Excerpt from minutes of the Board of Directors of  
New Jersey Power & Light Company adopted September 24, 1959  
ratifying the action of the officers of the Company in executing  
agreement with Saxton Nuclear Experimental Corporation

SAXTON NUCLEAR EXPERIMENTAL CORPORATION:

Mr. Kohlhepp referred to the fact that, over the past several years, personnel of the Company had been closely following developments relating to the utilization of energy from nuclear fission or fusion for the generation of electric power. He stated that participation by the Company and its personnel in such work had been occasioned by the recognition by the Company that its obligations to its customers and investors require that it continuously seek, in all reasonable ways commensurate with its financial capabilities, to improve the electric service rendered by it and to increase the efficiency of its operations and to participate from time to time in research and experimental activities directed to these objectives. He stated that, after extensive consideration by the Company and its affiliated American utility operating companies, they had reached the conclusion that one effective way to make progress toward economic nuclear power was to construct, operate and maintain, as an integral component of a research and experimental program, a small experimental reactor in which the potentialities and operating characteristics of certain types of nuclear fuel and reactor components could be rigorously investigated. He stated that the Company and such affiliates had also concluded that it would be desirable to develop a nuclear research project in which personnel of the Company would have a direct participation in the design, construction, operation and maintenance of a nuclear reactor, and the testing, analysis of the results of operation and evaluation of the performance of certain types of nuclear fuel, so that such personnel would have a firm basis for judgment when the time came for the installation by the Company and such affiliates of a commercial scale and economically competitive nuclear plant.

Excerpt from minutes of September 24, 1959,  
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Mr. Kohlhepp stated that experience in other nuclear projects with un-anticipated increases in cost had caused the Company and such affiliates to conclude that it was important that any nuclear project which was developed by the Company and such affiliates should be so conceived and organized that (a) reasonably precise limits were placed upon the costs to be borne by the Company and such affiliates and (b) a substantial contribution to the project of personnel, experience and funds is made by the manufacturer of the nuclear equipment and fuel. He stated that negotiations had been had over a period of several months with various manufacturers of equipment and that the proposal submitted by Westinghouse Electric Corporation ("Westinghouse") was the most favorable to the Company and such affiliates, not only in terms of cost to the Company and such affiliates but also in terms of the establishment of limitations on the potential cost to the Company and such affiliates and the contributions to the project to be made by the manufacturer.

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Excerpt from minutes of September 24, 1959,  
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meeting of the Board of Directors of  
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Mr. Kohlhepp stated that this Company and its affiliated American operating utility companies would (1) purchase all the authorized capital stock of SNEC (consisting of an aggregate of 20,000 shares) at a price per share equal to the par value thereof, namely, \$1.00 per share, or an aggregate of \$20,000, in order to make provision toward meeting SNEC's working capital requirements and (2) contribute to SNEC the balance of the funds needed by SNEC to carry out its projected financial obligations to Westinghouse and to meet its other financial requirements. He also stated that the agreement with SNEC provided that this Company should purchase 11% of SNEC's capital stock and contribute 11% of the funds thus to be contributed to SNEC. He stated that this percentage had been determined on a basis designed to give recognition to the relative benefits which this Company and its affiliated American utility operating companies may each reasonably expect to receive from the achievement of economic nuclear electric power after taking into consideration their present and projected relative load levels and conventional fuel costs and sequence of installation of commercial scale nuclear power plants.

Mr. Kohlhepp stated that the carrying out of the program which he had outlined and the agreements which he presented to the meeting required, among other things, various filings with regulatory bodies, as well as the filing of an application with the Internal Revenue Service with respect to the proposed tax treatment of the contributions by this Company and its American operating utility affiliates to SNEC.

After discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that the action of the officers of this Company in executing and delivering an agreement dated June 8, 1959 between Saxton Nuclear Experimental Corporation ("SNEC"), on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, in the form presented to this meeting be and the same is hereby ratified, confirmed and approved.

APPENDIX L

Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
New Jersey Power & Light Company

RESOLVED, that the action of the proper officers of this Company, in executing and filing, together with certain affiliates, an Application-Declaration on Form U-1 dated August 5, 1959 (filed August 18, 1959) with the Securities and Exchange Commission, seeking the approval of that Commission to the carrying out of the nuclear project known as the Saxton Project, as generally described to this meeting, and the agreements relating thereto presented to this meeting, be and the same is hereby ratified, confirmed and approved.

RESOLVED, that the action of W. H. McElwain, Executive Vice President, in executing in the name and on behalf of this Company an application for ruling by the Commissioner of Internal Revenue with respect to the tax aspects of the Saxton Project, be and the same is hereby ratified, confirmed and approved.

RESOLVED, that the action of W. H. McElwain, Executive Vice President, in executing in the name and on behalf of this Company a Power of Attorney, dated August 12, 1959, appointing Jerome R. Hellerstein, Esq., Victor Bradney, Esq., Hugh J. Campbell and Thomas R. Carpenter, attorneys in fact and agents for the Company to prosecute before the Internal Revenue Service of the United States Treasury Department a request or requests for a ruling with respect to the tax consequences under the Internal Revenue Code of various transactions relating to the Saxton Project, be and the same is hereby ratified, confirmed and approved.

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to execute and file, and/or to join in the execution and filing of, such further applications, declarations, petitions, securities certificates, and/or statements, and amendments and/or supplements to any or all of the foregoing, as, in the judgment of the officers executing the same, may be necessary or appropriate in connection with the carrying out of the nuclear project generally described to this meeting and the agreements relating thereto presented to this meeting, and, in connection with any or all such applications and other documents, and/or any proceedings relating thereto, to designate such attorneys, agents for service and other representatives of this Company as the officers taking such action may deem necessary or appropriate.

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to take any and all other action which in their judgment may be necessary or appropriate to carry out the intent of the foregoing resolutions.

Excerpt from minutes of September 24, 1959,  
meeting of the Board of Directors of  
New Jersey Power & Light Company

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THIS IS TO CERTIFY that the undersigned is Secretary of NEW JERSEY POWER & LIGHT COMPANY, a corporation of the State of New Jersey; that the above and foregoing is a true and correct excerpt of certain preambles and resolutions duly and regularly adopted by the Board of Directors of said Company at a meeting thereof duly convened and held on the 24th day of September 1959, at which meeting a quorum was present and voted, and that said resolutions have not been annulled, revoked or amended in any way whatsoever and are in full force and effect.

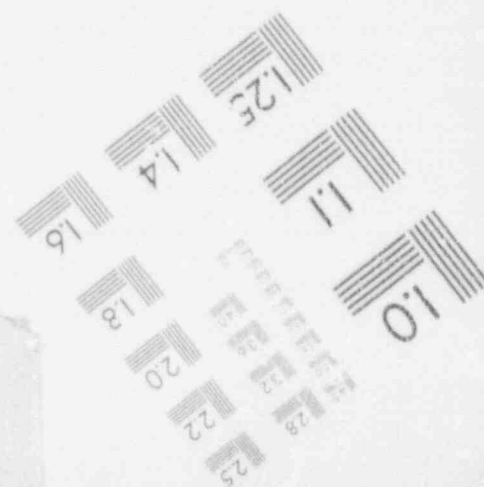
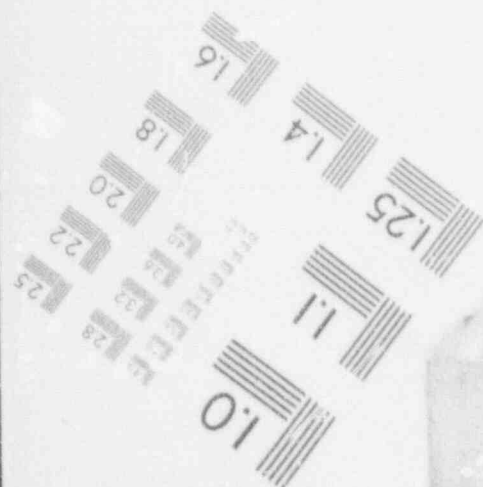
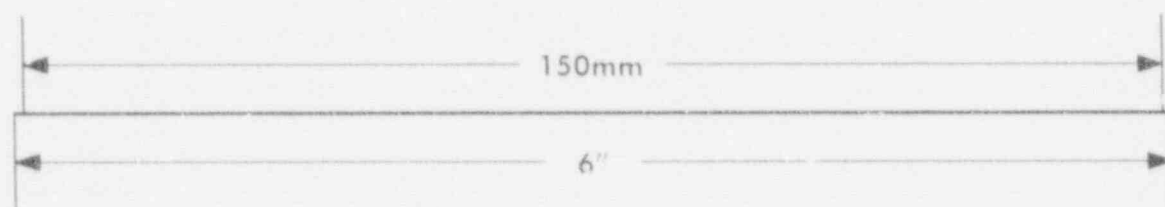
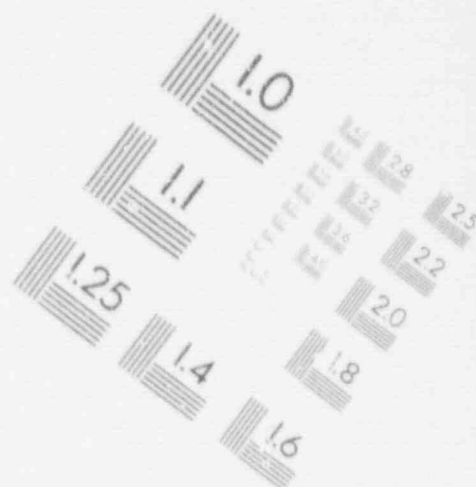
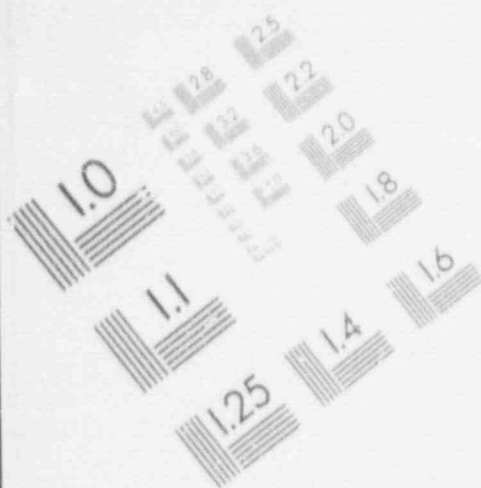
WITNESS the signature of the undersigned as such officer of the Company and its corporate seal hereunto affixed this 23rd day of October 1959.

(SEAL)

(Sgd) R. W. Aul  
Secretary

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IMAGE EVALUATION  
TEST TARGET (MT-3)





EXCERPTS FROM MINUTES OF MEETING OF THE BOARD OF  
DIRECTORS OF PENNSYLVANIA ELECTRIC COMPANY ON JUNE  
8, 1959 AUTHORIZING EXECUTION OF AGREEMENT WITH  
SANTON NUCLEAR EXPERIMENTAL CORPORATION

The next business to come before the meeting pertained to the Company's participation in a program relative to the use of atomic energy. In this matter the Chairman deferred to Mr. Reddis, the President, who referred to the fact that, over the past several years, personnel of the Company had been closely following developments relating to the utilization of energy from nuclear fission or fusion for the generation of electric power. He stated that participation by the Company and its personnel in such work had been occasioned by the recognition by the Company that its obligations to its customers and investors require that it continuously seek, in all reasonable ways commensurate with its financial capabilities, to improve the electric service rendered by it and to increase the efficiency of its operations and to participate from time to time in research and experimental activities directed to these objectives. He stated that, after extensive consideration by the Company and its affiliated American utility operating companies, they had reached the conclusion that one effective way to make progress toward economic nuclear power was to construct, operate and maintain, as an integral component of a research and experimental program, a small experimental reactor in which the potentialities and operating characteristics of certain types of nuclear fuel and reactor components could be rigorously investigated. He stated that the Company and such affiliates had also concluded that it would be desirable to develop a nuclear research project in which personnel of the Company would have a direct participation in the design, construction, operation and maintenance of a nuclear reactor, and the testing, analysis of the results of operation and evaluation of the performance of certain types of nuclear fuel, so that such personnel would have a firm basis for judgment when the time came for the installation by the Company and such affiliates of a commercial-scale and economically competitive nuclear plant.

The President stated that experience in other nuclear projects with unanticipated increases in cost had caused the Company and such affiliates to conclude that it was important that any nuclear project which was developed by the Company and such affiliates should be so conceived and organized that (a) reasonably precise limits were placed upon the costs to be borne by the Company and such affiliates and (b) a substantial contribution to the project of personnel, experience and funds is made by the manufacturer of the nuclear equipment and fuel. He stated that negotiations had been had over a period of several months with various manufacturers of equipment and that the proposal submitted by Westinghouse Electric Corporation ("Westinghouse") was the most favorable to the Company and such affiliates, not only in terms of cost to the Company and such affiliates but also in terms of the establishment of limitations on the potential cost to the Company and such affiliates and the contribution to the project to be made by the manufacturer.

The President stated that, after intensive investigation, it had been concluded that the project should be conducted through the instrumentality of a non-profit corporation and that the Company and such affiliates had caused Santon Nuclear Experimental Corporation ("SNEC") to be organized. He stated that negotiations had been conducted with Westinghouse concerning the terms of a definitive contract and he presented to, and there was ordered filed with the records of this meeting, a copy of a draft, dated April 8, 1959, of a proposed contract between SNEC and Westinghouse. He stated that, while it would be necessary to make certain revisions in this draft of proposed contract between SNEC and Westinghouse, this draft set forth the essential terms of the proposed arrangements between SNEC and Westinghouse. He stated that this proposed contract contemplates that (1) Westinghouse will supply the reactor and associated equipment to SNEC for a fixed price of \$8,250,000, (2) Westinghouse will be responsible for furnishing all nuclear fuel and control rod requirements of the project for an operating period of



five years, (3) Westinghouse will make substantial contributions of manpower and facilities in connection with the overall research and development efforts, (4) Westinghouse will be responsible for risk of loss or damage to the reactor and plant equipment to be furnished by Westinghouse under the agreement until the first criticality of the reactor and thereafter SNEC will be responsible for all such risk of loss or damage, (5) SNEC will arrange for the issuance of a property damage insurance policy covering, among other things, this Company's existing Barton Station properties, such policy to be effective with the first loading of fuel into the reactor, with premiums on such policy after the first loading and prior to the first criticality to be borne by Westinghouse except that this Company will pay that part of the premium on such policy which is equivalent to the premium on the physical damage insurance on existing Barton properties carried by this Company prior to the effective date of such policy, (6) SNEC shall cause this Company to be named as one of the insured parties covered by such policy, (7) SNEC will take out a policy providing such financial protection against third party liability as may be required by the Atomic Energy Act of 1954, as amended, to qualify for government indemnification as contemplated by Section 170 of that Act, and (8) in consideration of Westinghouse's undertakings under the agreement between SNEC and Westinghouse and in consideration of the coverage to be afforded to this Company by the property damage policy referred to, this Company will waive any right of recovery against Westinghouse or Gilbert Associates, Inc. (which has been employed by Westinghouse to assist in performing the work contemplated by the contract) and their agents, employees and contractors for damage to this Company's property arising out of or resulting from the radio active, toxic, explosive or other hazards, properties of source, special nuclear or by-product material used in connection with the project.

The President stated that, in order to implement the proposed contract between SNEC and Westinghouse, a form of proposed agreement between SNEC, on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, had also been prepared, and he presented to, and there was ordered filed with the records of this meeting, the form of such proposed agreement. He referred to the fact that the proposed agreement between SNEC, on the one hand, and this Company and its affiliated American utility operating companies provided in essence that (1) this Company would sell to SNEC, at a price of \$500 per acre, a tract of approximately 2 acres adjacent to this Company's existing Barton Generating Station, such sale to be free and clear of material liens and encumbrances, (2) this Company and its affiliated American utility operating companies would approve the execution and delivery by SNEC of an agreement between SNEC and Westinghouse in the form submitted to this meeting, with such changes therein as shall be unanimously approved by SNEC's board of directors, (3) this Company and its affiliated American utility operating companies would make payments to SNEC from time to time of such sums as shall be required by SNEC in order to meet its financial obligations to Westinghouse under that agreement and such other funds as the board of directors of SNEC shall unanimously determine are required by SNEC during the period of design, construction and operation of SNEC's reactor to carry out its objectives and thereafter to wind up its affairs, (4) SNEC will sell to this Company the steam delivered from SNEC's heat-exchanger at a price which is the approximate replacement value of such steam to this Company under the conditions and at the time of its delivery to this Company and (5) upon the dissolution of SNEC, any remaining property which SNEC may have after provision for its liabilities shall be disposed of to a non-profit educational or scientific corporation and in no event shall any part of the funds or property furnished by this Company or any of its affiliated American operating utility companies revert to such companies.

The President stated that it was proposed that this Company and its affiliated American operating utility companies (1) purchase all the authorized capital stock of SNEC (consisting of an aggregate of 20,000 shares) at a price per share equal to the par value thereof, namely, \$1.00 per share, or an aggregate of \$20,000, in order to make provision toward meeting SNEC's working capital requirements and (2) contribute to SNEC the balance of the

funds needed by SNEC to carry out its projected financial obligations to Westinghouse and to meet its other financial requirements. He also stated that the proposed agreement with SNEC provided that this Company should purchase 24% of SNEC's capital stock and contribute 24% of the funds thus to be contributed to SNEC. He stated that this percentage had been determined on a basis designed to give recognition to the relative benefits which this Company and its affiliated American utility operating companies may each reasonably expect to receive from the achievement of economic nuclear electric power after taking into consideration their present and projected relative load levels and conventional fuel costs and sequence of installation of commercial-scale nuclear power plants.

The President stated that the carrying-out of the program which he had outlined and the agreements which he presented to the meeting would require, among other things, various filings with regulatory bodies, as well as the filing of an application with the Internal Revenue Service with respect to the proposed tax treatment of the contributions by this Company and its American operating utility affiliates to SNEC.

After discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to execute and deliver an agreement between Saxton Nuclear Experimental Corporation ("SNEC"), on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, in the form presented to this meeting with such changes therein, if any, as the officers of this Company executing and delivering said agreement shall approve, their approval to be conclusively demonstrated by their execution and delivery of such agreement.

FURTHER RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to execute and deliver a waiver agreement, in such form as the officers of this Company shall approve (their approval to be conclusively demonstrated by their execution and delivery of a waiver agreement), whereby this Company waives any right of recovery against Westinghouse Electric Corporation or Gilbert Associates, Inc. or either of them, their agents, employees, contractors, subcontractors and suppliers for damages to this Company's property arising out of, or resulting from, the radio active, toxic, explosive or other hazardous properties of source, special nuclear or by-product material used in connection with the SNEC project.

FURTHER RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to execute and file, and/or to join in the execution and filing of, such applications, declarations, petitions, securities certificates, and/or statements, and amendments and/or supplements to any or all of the foregoing, as, in the judgment of the officers executing the same, may be necessary or appropriate in connection with the carrying out of the nuclear project generally described to this meeting and the agreements relating thereto presented to this meeting, and, in connection with

any or all such applications and other documents, and/or any proceedings relating thereto, to designate such attorneys, agents for service and other representatives of this Company as the officers taking such action may deem necessary or appropriate, including, without limiting the foregoing in any respect, the joinder by this Company in the execution and filing of an application to the Internal Revenue Service and in the execution and delivery of a power of attorney in connection therewith.

FURTHER RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to take any and all other action which in their judgment may be necessary or appropriate to carry out the intent of the foregoing resolutions.

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I, R. F. PRUNER, Secretary of PENNSYLVANIA ELECTRIC COMPANY, a corporation of the State of Pennsylvania, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of excerpts from the minutes and certain resolutions duly adopted by the Board of Directors of Pennsylvania Electric Company at a meeting thereof duly convened and held on the 8th day of June, 1959, at which meeting a quorum was present and voted, and that said resolutions have not been annulled, revoked or amended in any way whatsoever but are in full force and effect.

WITNESS the signature of the undersigned as such officer of the Company and its corporate seal hereunto affixed this 23rd day of October, 1959.

\_\_\_\_\_  
/s/ R. F. PRUNER  
Secretary

(SEAL)

EXCERPT FROM MINUTES OF MEETING OF THE BOARD OF  
DIRECTORS OF METROPOLITAN EDISON COMPANY ON  
AUGUST 4, 1959 RATIFYING THE ACTION OF THE OFFICERS  
OF THE COMPANY IN EXECUTING THE AGREEMENT WITH  
SAXTON NUCLEAR EXPERIMENTAL CORPORATION

The President referred to the fact that, over the past several years, personnel of the Company had been closely following developments relating to the utilization of energy from nuclear fission or fusion for the generation of electric power. He stated that participation by the Company and its personnel in such work had been occasioned by the recognition by the Company that its obligations to its customers and investors require that it continuously seek, in all reasonable ways commensurate with its financial capabilities, to improve the electric service rendered by it and to increase the efficiency of its operations and to participate from time to time in research and experimental activities directed to these objectives. He stated that, after extensive consideration by the Company and its affiliated American utility operating companies, they had reached the conclusion that one effective way to make progress toward economic nuclear power was to construct, operate and maintain, as an integral component of a research and experimental program, a small experimental reactor in which the potentialities and operating characteristics of certain types of nuclear fuel and reactor components could be rigorously investigated. He stated that the Company and such affiliates had also concluded that it would be desirable to develop a nuclear research project in which personnel of the Company would have a direct participation in the design, construction, operation and maintenance of a nuclear reactor, and the testing, analysis of the results of operation and evaluation of the performance of certain types of nuclear fuel, so that such personnel would have a firm basis for judgment when the time came for the installation by the Company and such affiliates of a commercial scale and economically competitive nuclear plant.

The President stated that experience in other nuclear projects with unanticipated increases in cost had caused the Company and such affiliates to conclude that it was important that any nuclear project which was developed by the Company and such affiliates should be so conceived and organized that (a) reasonably precise limits were placed upon the costs to be borne by the Company and such affiliates and (b) a substantial contribution to the project of personnel, experience and funds is made by the manufacturer of the nuclear equipment and fuel. He stated that negotiations had been had over a period of several months with various manufacturers of equipment and that the proposal submitted by Westinghouse Electric Corporation ("Westinghouse") was the most favorable to the Company and such affiliates, not only in terms of cost to the Company and such affiliates but also in terms of the establishment of limitations on the potential cost to the Company and such affiliates and the contributions to the project to be made by the manufacturer.

The President stated that, after intensive investigation, it had been concluded that the project should be conducted through the instrumentality of a nonprofit corporation and that the Company and such affiliates had caused Saxton Nuclear Experimental Corporation ("SNEC") to be organized. He stated that negotiations had been conducted with Westinghouse concerning the terms of a definitive contract and he presented to, and there was ordered filed with the minutes of, the meeting a copy of a contract, dated July 27, 1959, between SNEC and Westinghouse.



He stated that this contract set forth the essential terms of the arrangements between SNEC and Westinghouse. He stated that this contract contemplates that (1) Westinghouse will supply the reactor and associated equipment to SNEC for a fixed price of \$6,250,000, (2) Westinghouse will be responsible for furnishing all nuclear fuel and control rod requirements of the project for an operating period of five years, (3) Westinghouse will make substantial contributions of manpower and facilities in connection with the overall research and development efforts, (4) Westinghouse will be responsible for risk of loss or damage to the reactor and plant equipment to be furnished by Westinghouse under the agreement until the first criticality of the reactor and thereafter SNEC will be responsible for all such risk of loss or damage, (5) SNEC will arrange for the issuance of a property damage insurance policy covering, among other things, Pennsylvania Electric Company's existing Saxton Station properties, such policy to be effective with the first loading of fuel into the reactor, with premiums on such policy after the first loading and prior to the first criticality to be borne by Westinghouse except that Pennsylvania Electric Company will pay that part of the premium on such policy which is equivalent to the premium on the physical damage insurance on existing Saxton properties carried by Pennsylvania Electric Company prior to the effective date of such policy, (6) SNEC shall cause Pennsylvania Electric Company to be named as one of the insured parties covered by such policy, (7) SNEC will take out a policy providing such financial protection against third party liability as may be required by the Atomic Energy Act of 1954, as amended, to qualify for government indemnification as contemplated by Section 170 of that Act, and (8) in consideration of Westinghouse's undertakings under the agreement between Westinghouse and SNEC and in consideration of the coverage to be afforded to Pennsylvania Electric Company by the property damage policy referred to, Pennsylvania Electric Company will waive any right of recovery against Westinghouse or Gilbert Associates, Inc. (which has been employed by Westinghouse to assist in performing the work contemplated by the contract) and their agents, employees and contractors for damage to Pennsylvania Electric Company's property arising out of or resulting from the radioactive, toxic, explosive or other hazards, properties of source, special nuclear or by-product material used in connection with the project.

The President stated that, in order to implement the contract between SNEC and Westinghouse, an agreement between SNEC, on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, had also been prepared, and he presented to, and there was ordered filed with the minutes of, the meeting a copy of such agreement dated June 8, 1959. He referred to the fact that the agreement between SNEC, on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, provided in essence that (1) Pennsylvania Electric Company would sell to SNEC, at a price of \$500 per acre, a tract of approximately 2 acres adjacent to Pennsylvania Electric Company's existing Saxton Generating Station, such sale to be free and clear of material liens and encumbrances, (2) this Company and its affiliated American utility operating companies had approved the execution and delivery by SNEC of an agreement, dated July 27, 1959, between SNEC and Westinghouse in the form submitted to this meeting, (3) this Company and its affiliated American utility operating companies would make payments to SNEC from time to time of such sums as shall be required by SNEC in order to meet its financial obligations to Westinghouse under that agreement and such other funds as the board of directors of SNEC shall unanimously determine are required by SNEC during the period of design, construction and operation of SNEC's reactor to carry out its objectives and thereafter to wind up its affairs, (4) SNEC will sell to Pennsylvania Electric Company the steam delivered from SNEC's heat-exchanger at a price which is the approximate replacement value of such steam to that Company under the conditions and at the time of its delivery to that Company and (5) upon the dissolution of SNEC, any remaining property which SNEC may have



after provision for its liabilities shall be disposed of to a nonprofit educational or scientific corporation and in no event shall any part of the funds or property furnished by Pennsylvania Electric Company or any of its affiliated American operating utility companies revert to such companies.

The President stated that this Company and its affiliated American operating utility companies would (1) purchase all the authorized capital stock of SNEC (consisting of an aggregate of 20,000 shares) at a price per share equal to the par value thereof, namely, \$1.00 per share, or an aggregate of \$20,000, in order to make provision toward meeting SNEC's working capital requirements and (2) contribute to SNEC the balance of the funds needed by SNEC to carry out its projected financial obligations to Westinghouse and to meet its other financial requirements. He also stated that the agreement with SNEC provided that this Company should purchase 32% of SNEC's capital stock and contribute 32% of the funds thus to be contributed to SNEC. He stated that this percentage had been determined on a basis designed to give recognition to the relative benefits which this Company and its affiliated American utility operating companies may each reasonably expect to receive from the achievement of economic nuclear electric power after taking into consideration their present and projected relative load levels and conventional fuel costs and sequence of installation of commercial scale nuclear power plants.

The President stated that the carrying out of the program which he had outlined and the agreements which he presented to the meeting required, among other things, various filings with regulatory bodies, as well as the filing of an application with the Internal Revenue Service with respect to the proposed tax treatment of the contributions by this Company and its American operating utility affiliates to SNEC.

After discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that the action of the officers in executing, in the name and on behalf of this Company, agreement under date of June 8, 1959, between Saxton Nuclear Experimental Corporation ("SNEC"), on the one hand, and this Company and its affiliated American utility operating companies, on the other hand, in the form presented to this meeting, be and the same is hereby approved, ratified and confirmed.

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to execute and file, and/or to join in the execution and filing of, such applications, declarations, petitions, securities certificates, and/or statements, and amendments and/or supplements to any or all of the foregoing, as, in the judgment of the officers executing the same, may be necessary or appropriate in connection with the carrying out of the nuclear project generally described to this meeting and the agreements relating thereto presented to this meeting, and, in connection with any or all such applications and other documents, and/or any proceedings relating thereto, to designate such attorneys, agents for service and other representatives of this Company as the officers taking such action may deem necessary or appropriate, including, without limiting the foregoing in any respect, the joinder by this Company in the execution and filing of an application to the Internal Revenue Service and in the execution and delivery of a power of attorney in connection therewith.

RESOLVED, that the proper officers of this Company be, and they hereby are, authorized, in the name and on behalf of this Company, to take any and all other action which in their judgment may be necessary or appropriate to carry out the intent of the foregoing resolutions.

THIS IS TO CERTIFY that the undersigned is SECRETARY of METROPOLITAN EDISON COMPANY, a corporation of the Commonwealth of Pennsylvania; that the foregoing is a true and correct excerpt from minutes of the Board of Directors of said Company at a meeting thereof duly convened and held on the 4th day of August, 1959, at which meeting a quorum was present and voted; and that the resolutions therein were duly and regularly adopted and have not been annulled, revoked or amended in any way whatsoever and are in full force and effect.

WITNESS the signature of the undersigned as such officer of the Company and its corporate seal hereunto affixed this 23rd day of October, 1959.

(SEAL)

/s/ E. L. DARTH  
Secretary

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

Certified Extract from Minutes of Board of Directors  
Meeting held June 8, 1959

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The Chairman stated that, as the Articles of Incorporation and By-Laws make clear, the principal purpose of the Corporation is to serve as an instrumentality through which the members of the Corporation may contribute to the advancement of the art of generating electric energy by nuclear means through constructing, operating and maintaining, as an integral component of a research and experimental program, a small experimental reactor in which the potentialities and operating characteristics of certain types of nuclear fuel and reactor components can be rigorously investigated. He stated that this Corporation's nuclear research project would make available to its members a vehicle whereby the personnel of such members could have direct participation in the design, construction, operation and maintenance of a nuclear power reactor which could be subjected to actual utility load conditions, so that such personnel would have a firm basis for their judgments when the time came for the installation by their employer of a commercial-scale and economically competitive nuclear plant.

The Chairman stated that experience in other nuclear projects with unanticipated increases in cost had caused the prospective shareholder members of this Corporation to conclude that it was important that this Corporation's nuclear project should be so conceived and organized that (a) reasonably precise limits were placed upon the costs to be borne by such members and (b) a substantial contribution to the project of personnel, experience and funds is made by the manufacturer of the nuclear equipment and fuel. He stated that negotiations had been had with various manufacturers of equipment and that the proposal submitted by Westinghouse Electric Corporation ("Westinghouse") was the most favorable to the Corporation, not only in terms of cost to the Corporation but also in terms of the establishment of limitations on the potential cost to the Company and its affiliates and the contributions to the project to be made by the manufacturer. He presented to, and there was ordered filed with the minutes of, the meeting, a copy of the draft, dated April 8, 1959, of a proposed contract between SNEC and Westinghouse.

He stated that, while it would be necessary to make certain revisions in this proposed draft of contract between this Corporation and Westinghouse, this draft set forth the essential terms of the proposed arrangement between this Corporation and Westinghouse.

The Chairman stated that the proposed agreement between this Corporation and Westinghouse contemplates that (1) Westinghouse will supply the reactor and associated equipment to this Corporation for a fixed price of \$6,250,000, (2) Westinghouse will be responsible for furnishing all nuclear fuel and control rod requirements of the project for an operating period of five years, (3) Westinghouse will make substantial contributions of manpower and facilities in connection with the overall research and development efforts, (4) Westinghouse will be responsible for risk of loss or damage to the reactor and plant equipment to be furnished by Westinghouse under the agreement until the first criticality of the reactor and thereafter this Corporation will be responsible for all such risk of loss or damage, (5) this Corporation will arrange for the issuance of a property damage policy covering, among other things, the existing Saxton Station properties of Pennsylvania Electric Company ("Penelec"), such policy to be effective with the first loading of fuel into the reactor, and premiums on such policy after the first loading and prior to the first criticality to be borne by Westinghouse except that Penelec will pay that part of the premium on such policy which is equivalent to the premium on the physical damage insurance on existing Saxton properties carried by Penelec prior to the effective date of such policy, (6) this Corporation will cause Penelec to be named as one of the insured parties covered by such policy, (7) this Corporation will take out a policy providing such financial protection against third party liability as may be required by the Atomic Energy Act of 1954, as amended, to qualify for government indemnification as contemplated by Section 170 of that Act, and (8) in consideration of Westinghouse's undertakings under the agreement between Westinghouse and SNEC and in consideration of the coverage to be afforded to Penelec by the property damage policy referred to, Penelec will waive any right of recovery against Westinghouse or Gilbert Associates, Inc. (which has been employed by Westinghouse to assist in performing the work contemplated by the agreement) and their agents, employees and contractors for damage to Penelec's property arising out of or resulting from



the radioactive, toxic, explosive or other hazardous properties of source, special nuclear or by-product material used in connection with the project.

The Chairman stated that, in order to implement the proposed agreement between this Corporation and Westinghouse, there had also been prepared a form of proposed agreement between this Corporation and the four public utility operating companies (the "Utility Companies") which had caused this Corporation to be organized. He presented to, and there was ordered filed with the minutes of, the meeting, the form of such proposed agreement. He referred to the fact that the proposed agreement between this Corporation and the Utility Companies provides in essence that (1) this Corporation will purchase from Penelec, at a price of \$500 per acre, a tract of approximately two acres adjacent to Penelec's existing Saxton Generating Station, such sale to be free and clear of material liens and encumbrances, (2) the Utility Companies approve the execution and delivery by this Corporation of an agreement between this Corporation and Westinghouse in the form submitted to this meeting, with such changes therein as shall be unanimously approved by this Corporation's board of directors, (3) the Utility Companies will make payments to this Corporation from time to time of such sums as shall be required by this Corporation in order to meet its financial obligations to Westinghouse and such other funds as the board of directors of this Corporation shall unanimously determine are required by this Corporation during the period of design, construction and operation of this Corporation's reactor to carry out its objectives and thereafter to wind up its affairs, (4) this Corporation will sell to Penelec the steam delivered from this Corporation's heat-exchanger at a price which is the approximate replacement value of such steam to Penelec under the conditions and at the time of its delivery to Penelec and (5) upon the dissolution of this Corporation, any remaining property which this Corporation may have after provision for its liabilities shall be disposed of to a non-profit educational or scientific corporation and in no event shall any part of the funds or property furnished to this Corporation by the Utility Companies revert to such Companies.

The Chairman stated that the proposed agreement between this Corporation and the Utility Companies provides in part that (1) the Utility Companies will purchase all the authorized capital stock of this Corporation



(consisting of an aggregate of 20,000 shares) at a price per share equal to the par value thereof, namely, \$1.00 per share, or an aggregate of \$20,000, in order to make provision toward meeting this Corporation's working capital requirements and (2) the Utility Companies will contribute to this Corporation the balance of the funds needed by this Corporation to carry out its projected financial obligations to Westinghouse and to meet its other financial requirements. He also stated that this proposed agreement specified the relative proportions in which each of the Utility Companies was to purchase such capital stock of, and make such contributions to, this Corporation.

The Chairman stated that the carrying-out of the program which he had outlined and the agreements which he presented to the meeting would require, among other things, various filings with regulatory bodies, as well as the filing of an application with the Internal Revenue Service with respect to the proposed tax treatment of the contributions by the Utility Companies to this Corporation.

After discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

RESOLVED, that the President or any Vice President of this Corporation be, and he hereby is, authorized, in the name and on behalf of this Corporation, to execute and deliver an agreement between this Corporation, on the one hand, and Jersey Central Power & Light Company, Metropolitan Edison Company, New Jersey Power & Light Company and Pennsylvania Electric Company, on the other hand, in the form presented to this meeting with such changes therein, if any, as the officer of this Corporation executing and delivering said agreement shall approve, his approval to be conclusively demonstrated by his execution and delivery of such agreement, and the Secretary or any Assistant Secretary of this Corporation be, and he hereby is, authorized to affix the seal of this Corporation to said agreement and to attest the sealing and execution of such agreement.

FURTHER RESOLVED, that the President or any Vice President of this Corporation be, and he hereby is, authorized, in the name and on behalf of this Corporation, to execute and deliver an agreement between this Corporation and Westinghouse Electric Corporation ("Westinghouse"), in the form presented to this meeting with such changes therein, if any, as the officer executing said agreement shall approve, his approval to be conclusively demonstrated by his execution and delivery of such agreement and the Secretary or any Assistant Secretary of this Corporation be, and he hereby is, authorized to affix the corporate seal of this Corporation to said agreement and to attest the sealing and execution of said agreement.

FURTHER RESOLVED, that the proper officers of this Corporation be, and they hereby are, authorized, in the name and on behalf of this Corporation, to execute and file, and/or to join in the execution and filing of, such applications, declarations, petitions, securities certificates, and/or statements, and amendments and/or supplements to any or all of the foregoing, as, in the judgment of the officers executing the same, may be necessary or appropriate in connection with the carrying out of the nuclear project generally described to this meeting and the proposed agreements relating thereto presented to this meeting, and in connection with any or all such applications and other documents, and/or any proceedings relating thereto, to designate such attorneys, agents for service and other representatives of this Corporation as the officers taking such action may deem necessary or appropriate, including, without limiting the foregoing in any respect, the joinder by this Corporation in the execution and filing of an application to the Internal Revenue Service and in the execution and delivery of a power of attorney in connection therewith.

FURTHER RESOLVED, that the proper officers of this Corporation be, and they hereby are, authorized, in the name and on behalf of this Corporation, to take any and all other action which in their judgment may be necessary or appropriate to carry out the intent of the foregoing resolutions.

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I, R. F. PRUNER, Assistant Secretary of SAXTON NUCLEAR EXPERIMENTAL CORPORATION, a corporation of the State of Pennsylvania, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of excerpts from the minutes and certain resolutions duly adopted by the Board of Directors of Saxton Nuclear Experimental Corporation at a meeting thereof duly convened and held on the 8th day of June, 1959, at which meeting a quorum was present and voted, and that said resolutions have not been annulled, revoked or amended in any way whatsoever but are in full force and effect.

WITNESS the signature of the undersigned as such officer of the Corporation and its corporate seal hereunto affixed this 26th day of October, 1959.

/s/ R. F. PRUNER

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Assistant Secretary

(SEAL)

## SAXTON NUCLEAR EXPERIMENTAL CORPORATION

Unanimous Consent of Directors

The undersigned Directors of Saxton Nuclear Experimental Corporation, a Pennsylvania non-profit corporation, do hereby exercise the authority conferred upon them by Section 16 of the By-Laws of the Corporation (whereby, if all the directors shall severally or collectively consent in writing to any action proposed to be taken by the Corporation, such action shall be as valid corporate action as though it had been authorized at a meeting of the Board of Directors), by consenting to the adoption of the following preambles and resolutions:

WHEREAS, under date of June 8, 1959, and pursuant to the authority granted by this Board of Directors at a meeting held that day, this Corporation entered into an agreement with Jersey Central Power & Light Company, Metropolitan Edison Company, New Jersey Power & Light Company and Pennsylvania Electric Company (such companies being herein collectively referred to as the "Utility Companies") whereby, among other things, the Utility Companies (1) approved the execution and delivery by this Corporation of an agreement between this Corporation and Westinghouse Electric Corporation ("Westinghouse")


in the form presented to such meeting with such changes therein as shall be unanimously approved by this Corporation's Board of Directors and (2) during the period of design and construction of this Corporation's reactor and continuing thereafter for a period of not more than five years after criticality of this Corporation's reactor, such funds as the Board of Directors of this Corporation shall from time to time unanimously determine are required by this Corporation in order to carry out its objectives, including all such funds as may be required to assure safe operation of the plant and to comply with the financial protection and safety requirements of the Atomic Energy Commission; and

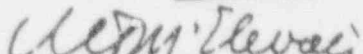
WHEREAS, under date of July 27, 1959, this Corporation entered into an agreement with Westinghouse, a copy of which agreement has heretofore been expressly approved by each of the directors of this Corporation, and, under date of August 10, 1959, has furnished to the Utility Companies and to each of the undersigned directors a copy of the estimated costs of this Corporation's project (such estimated costs being reflected in pages 1 to 3, inclusive of Exhibit 1(a)3 of the joint Application-Declaration of this Corporation and the Utility Companies under the Public Utility Holding Company Act of 1935 (SEC File No. 70-3816).

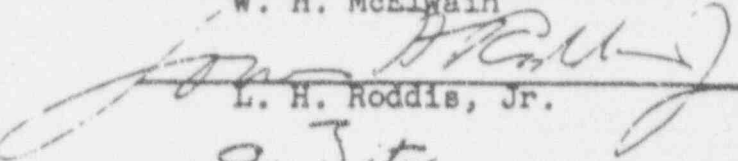



NOW, THEREFORE, BE IT RESOLVED, that each of the undersigned directors of Saxton Nuclear Experimental Corporation does hereby approve the execution and delivery by this Corporation of the agreement, dated July 27, 1959, between this Corporation and Westinghouse, a copy of which agreement is hereby ordered filed in the corporate records of this Corporation, and also approves the statement of estimated costs and determines that the funds reflected in such statement of estimated costs are required by this Corporation in order to carry out its objectives, and authorizes the expenditure of funds by the officers of this Corporation in accordance with such statement.

IN WITNESS WHEREOF this consent has been unanimously executed and delivered by each of the Directors of Saxton Nuclear Experimental Corporation, all as of the 23rd day of October, 1959.

  
C. E. Kohlhepp

  
W. H. McElwain

  
L. H. Roddis, Jr.

  
O. Titus

THIS IS TO CERTIFY that the undersigned  
is an Assistant Secretary of Saxton Nuclear Experimental  
Corporation, a non-profit corporation of the  
Commonwealth of Pennsylvania; the foregoing is a  
true and correct and complete copy of a consent duly  
executed by all the Directors of Saxton Nuclear  
Experimental Corporation under date of October 23,  
1959.

WITNESS the signature of the undersigned as  
Assistant Secretary of Saxton Nuclear Experimental  
Corporation and its corporate seal hereunder affixed  
this 23rd day of October , 1959.

(S E A L)

/s/ R. F. Pruner  
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R. F. Pruner