
AGREEMENT

between

BRAZOS ELECTRIC POWER COOPERATIVE, INC.

Brazos

and

TEXAS UTILITIES ELECTRIC COMPANY

TU Electric

Dated as of July 5, 1988

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THIS AGREEMENT is made and entered into this 5th day of July, 1988 by and between the following parties:

BRAZOS ELECTRIC POWER COOPERATIVE, INC., a Texas non-profit electric cooperative corporation, having its principal office at 2404 LaSalle Avenue, Waco, McLennan County, Texas ("Brazos"), and TEXAS UTILITIES ELECTRIC COMPANY, a Texas corporation, having its principal office at 2001 Bryan Street, Suite 1900, Dallas, Dallas County, Texas ("TU Electric", and where appropriate in the context of this Agreement, TU Electric may include TU Electric's corporate predecessors, Dallas Power & Light Company, Texas Electric Service Company and Texas Power & Light Company).

DEFINITIONS

As used in this Agreement and in the Exhibits attached hereto, unless otherwise specified therein, the following terms shall have the following meanings:

- (a) "Agreement" means this Agreement and the Schedule and all Exhibits attached to this Agreement.
- (b) "Assignment Agreement" means the Assignment Agreement attached hereto as Exhibit A.
- (c) "Brazos Comanche Peak Debt" means the aggregate of the indebtedness of Brazos to the REA, the CFC and the FFB with respect only to Comanche Peak, which at the date hereof is the unpaid principal amount of One Hundred Ninety Four Million, Six Hundred Ninety Thousand, Three Hundred Fifty and 14/100 Dollars (\$194,690,350.14), and is evidenced and represented by documentation previously delivered by Brazos to TU Electric.
- (d) "Business Day" means a day on which banks in Dallas, Texas are open for regular banking business.
- (e) "CFC" means the National Rural Utilities Cooperative Finance Corporation, or its successor.

- (f) "Closing" means the consummation, pursuant to this Agreement, of the sale of the Purchased Assets by Brazos to TU Electric and the purchase of the Purchased Assets by TU Electric from Brazos, as described herein.
- (g) "Closing Date" means such date as may be agreed upon by the parties for the Closing, which date shall be within thirty (30) days after the last to occur of the NRC Affirmative Date, the PUC Affirmative Date or the granting of the necessary approvals of the REA, the CFC and the FFB with respect to the Brazos Comanche Peak Debt referred to in Section 5.3(e) hereof.
- (h) "Closing Payment" means the aggregate of (i) Two Million, Four Hundred Fifty Four Thousand, Eight Hundred Ninety Dollars (\$2,454,890), plus (ii) the amount of principal paid by Brazos with respect to the Brazos Comanche Peak Debt from (and including) March 1, 1988 until the Closing Date and not previously paid as part of the Signing Payment, plus (iii) an incremental amount calculated at a rate equal to nine and one-half percent (9 1/2%) per annum on said principal outstanding from time to time from (and including) March 1, 1988 until the Closing Date and not previously paid as part of the Signing Payment.
- (i) "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related properties, and is the aggregate and combination of the Station, Fuel and Transmission Facilities, and all other rights and interests associated with or relating to all of the same.
- (j) "Deferred Payment" shall have the meaning set out in Section 1.5(c) hereof.
- (k) "FFB" means the Federal Financing Bank, or its successor.
- (l) "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.
- (m) "Guaranty" means the form of Guaranty of TUC attached hereto as Exhibit B.
- (n) "Joint Ownership Agreement" means that certain instrument entitled on the cover page thereof "Joint Ownership Agreement Between Dallas Power &

Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc. for Comanche Peak Steam Electric Station," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc. For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos and Tex-La.

- (o) "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are the members of Brazos, as set out in Exhibit C attached hereto.
- (p) "Mortgage" means the purchase money mortgage in the form of the Deed of Trust and Security Agreement attached hereto as Exhibit D creating a first lien and granting to Brazos a first and prior security interest in the Purchased Assets to secure payment of the Note.
- (q) "New Lawsuit" means the lawsuit that, pursuant to Section 4.2(e) of this Agreement, may be filed by Brazos or TU Electric, and if filed will be filed in Dallas County, Texas, in the event that nonsuits are taken by Brazos and TU Electric in the Pending Dallas Suit pursuant to Section 4.2(d) of this Agreement or this Agreement is terminated under Article X hereof.

- (r) "Note" means the non-negotiable promissory note, in the form attached hereto as Exhibit E, to be made and delivered at Closing by TU Electric as provided in Section 1.5(c) of this Agreement.
- (s) "NRC" means the United States Nuclear Regulatory Commission, or its successor.
- (t) "NRC Affirmative Date" shall have the meaning set out in Section 5.3(d) hereof.
- (u) "Owners" means collectively TMPA, TU Electric, Tex-La and Brazos, as owners of Comanche Peak in accordance with the terms of the Joint Ownership Agreement, or singularly any of such parties.
- (v) "Pending Austin Suits" means Cause No. 399,482 -- Brazos Electric Power Cooperative, Inc. v. Texas Utilities Company, Texas Utilities Electric Company, Texas Utilities Mining Company, and Texas Utilities Services Incorporated, -- in the District Court of Travis County, Texas, 345th Judicial District, and Cause No. 399,336 -- Tex-La Electric Cooperative of Texas, Inc., and Texas Municipal Power Agency v. Texas Utilities and Texas Utilities Electric Company, -- in the District Court of Travis County, Texas, 98th Judicial District.
- (w) "Pending Dallas Suit" means Cause No. 86-6809-A -- Texas Utilities Electric Company v. Tex-La Electric Cooperative of Texas, Inc., et al. -- in the District Court of Dallas County, Texas, 14th Judicial District.
- (x) "Pending Houston Suit" means Cause No. 83-29889 -- Charles A. Atchison, et al v. Brown & Root, Inc., et al. -- in the District Court of Harris County, Texas, 215th Judicial District, removed in April, 1988, to the United States District Court for the Southern District of Texas, Houston Division, and numbered Civil Action No. H-88-1409.
- (y) "Pending Litigation" means the Pending Dallas Suit and the Pending Austin Suits.

(z) "Pending Somervell County Suit" means Cause No. 2692 -- Clementine Mathews and her husband Dolphin Mathews v. Comanche Peak Electric Steam Station, et al., -- in the District Court of Somervell County, Texas, 18th Judicial District.

(aa) "Permitted Exceptions" means

- Matters affecting Brazos' title to all or any part of the Purchased Assets existing immediately prior to the time the same were acquired by Brazos from or through TU Electric or TU Electric's predecessors-in-title;
- Matters affecting Brazos' title to all or any part of the Purchased Assets created by the acts or omissions of (i) all parties owning interests in Comanche Peak at the time involved acting collectively, or (ii) the Project Manager or TU Electric or both;
- The lien for unpaid taxes and assessments relating to taxes and assessments unpaid by parties other than Brazos or imposed with respect to the periods prior to which Brazos owned the property interest involved and after the Closing;
- The rights of third parties in and to the Purchased Assets created by the acts or omissions of parties other than Brazos and not arising by, through or under Brazos;
- The Joint Ownership Agreement and all licenses, permits, leases, franchises and contracts relating to the Purchased Assets applied for, obtained or created by the acts or omissions of (i) any Owner other than Brazos, (ii) all parties owning interests in Comanche Peak at the time involved acting collectively, or (iii) the Project Manager or TU Electric or both; and
- Liens (existing or inchoate) in favor of mechanics, materialmen, laborers and suppliers of materials, goods, services, equipment, inventory (of subcontractors) and labor to or for the Station, the Fuel

or the Transmission Facilities created by the acts or omissions of (i) any Owner other than Brazos, (ii) all parties owning interests in Comanche Peak at the time involved acting collectively, or (iii) the Project Manager or TU Electric or both.

- (bb) "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the Joint Ownership Agreement.
- (cc) "PUC" means the Public Utility Commission of Texas, or its successor.
- (dd) "PUC Affirmative Date" shall have the meaning set out in Section 5.3(c) hereof.
- (ee) "Purchased Assets" means the aggregate of all that part of Comanche Peak (as Comanche Peak exists and is constituted on the Closing Date) owned by Brazos or to which Brazos has a right, title or interest, including without limitation the following, to the extent of Brazos' ownership interest therein: all real property and rights appurtenant thereto, and improvements thereon and fixtures thereto; that portion of Brazos' Certificate of Convenience and Necessity heretofore issued by the PUC relative to Brazos' ownership interest in the Station and the Transmission Facilities; all personal property and rights therein, tangible or intangible, including all machinery, equipment, furniture and vehicles; all rights and entitlements to electric power and energy that may hereafter be generated at Comanche Peak; all rights or claims with respect to charges, payments or prepaid items; all warranties and claims and proceeds therefrom; all rights under all agreements, permits, licenses, franchises and authorizations; all intellectual property rights; all computer hardware and software and related rights and interests; all books and records in the possession of the Project Manager or otherwise owned by all of the Owners in combination; the Fuel; the Transmission Facilities; and all other properties and assets pertaining to Comanche Peak; but excluding, however, any Subject Claim of Brazos arising out of or under this Agreement or the

other documents delivered to Brazos pursuant hereto; and excluding all documents and other written material relating to Comanche Peak in the custody, control or possession of Brazos, and its agents, attorneys and consultants, except all such documents and other written material pertaining to or involving the Pending Litigation other than copies of those which have been filed in the Pending Litigation or at the NRC or which are privileged or which may be the work product or the product of Brazos' attorneys' or consultants' joint defense activities or correspondence to or from TU Electric or its attorneys or other correspondence or documents copies of which have been provided to TU Electric or its attorneys.

- (ff) "REA" means the Rural Electrification Administration of the United States Department of Agriculture, or its successor.
- (gg) "Signing Payment" means the aggregate of (i) Fifteen Million, Three Hundred Twenty Two Thousand, Five Hundred Eighty One Dollars (\$15,322,581), plus (ii) the amount of principal paid by Brazos with respect to the Brazos Comanche Peak Debt during the period from (and including) March 1, 1988 until the date hereof, plus (iii) an incremental amount calculated at a rate equal to nine and one-half percent (9 1/2%) per annum on said principal outstanding from time to time from (and including) March 1, 1988 until the date hereof.
- (hh) "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas, and more particularly described on the Schedule attached hereto.
- (ii) "Special Warranty Deed with Vendor's Lien and Bill of Sale" means the form of Special Warranty Deed with Vendor's Lien and Bill of Sale attached hereto as Exhibit F.
- (jj) "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all

easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel and Transmission Facilities.

- (kk) "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands and complaints of whatsoever kind or nature and whether known or unknown.
- (ll) "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.
- (mm) "TMPA" means the Texas Municipal Power Agency.
- (nn) "Total Payment" means the amount to be paid by TU Electric to Brazos hereunder in connection with the purchase of the Purchased Assets and in connection with the settlement of the Pending Litigation; which shall be the total of (i) the Signing Payment, (ii) the Closing Payment and (iii) the Deferred Payment, as described in Section 1.5 hereof.
- (oo) "Transmission Facilities" means the Comanche Peak — DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.
- (pp) "TUC" means Texas Utilities Company, a Texas corporation, which is the corporate parent of TU Electric.

RECITALS

- A. TU Electric is an investor-owned utility which, pursuant to a statutory merger that occurred on January 1, 1984, succeeded to all the rights, title and interests and assumed and became liable for all obligations of Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, and Texas Utilities Generating Company under the Joint Ownership Agreement, and is engaged in the generation, purchase, transmission, distribution and sale of electric energy within the State of Texas.
- B. Brazos is a Texas non-profit cooperative corporation, established pursuant to Tex. Rev. Civ. Stat. Ann. art. 1528b, which is engaged in the generation, transmission and sale of electric energy within the State of Texas.

- C. Brazos and TU Electric have previously entered into the Joint Ownership Agreement.
- D. Brazos and TU Electric each own an undivided interest in Comanche Peak, which in the case of Brazos consists of such interest in the Station and Fuel (stated to be an undivided 3.8% interest in the conveyance involved) that was conveyed and transferred to Brazos by TU Electric (or its predecessors) and such interest in the Transmission Facilities (stated to be an undivided 32.2% interest in the relevant instrument but is subject to adjustment) that was conveyed and transferred or agreed to be conveyed and transferred to Brazos by TU Electric (or its predecessors).
- E. Brazos and TU Electric have been involved in the Pending Litigation and would like to settle their disputes involved in the Pending Litigation and otherwise relating to Comanche Peak and Brazos would like to sell its interest in Comanche Peak and be relieved of its obligations under the Joint Ownership Agreement and TU Electric would like to acquire such interest and is willing to relieve Brazos of such obligations under the Joint Ownership Agreement.
- F. Brazos and TU Electric have concluded this Agreement in order to provide for the sale by Brazos and the purchase by TU Electric of all of Brazos' right, title and interest in Comanche Peak and the settlement of all subject Claims between Brazos and TU Electric and between Brazos and TU Electric's affiliates pertaining to Comanche Peak, the Pending Litigation, and all matters in connection therewith, upon and subject to the terms and conditions set out herein.

ARTICLE I

SALE AND PURCHASE

1.1 Properties and Assets Sold and Purchased. Subject to the terms and conditions of this Agreement, Brazos hereby agrees to sell, transfer, assign, convey and deliver to TU Electric and TU Electric hereby agrees to purchase from Brazos, and pay Brazos for, the Purchased Assets in the manner and at the times hereinafter described.

1.2 Closing. The Closing will occur at 10:00 a.m., Dallas, Texas time, on the Closing Date. The Closing will be held at the offices of Worsham, Forsythe, Sampels &

Woodridge, 2001 Bryan Street, Suite 3200, Dallas, Dallas County, Texas or at such other address as the parties may agree. The fact that the Closing is or was intended to be held in Dallas County shall not be used by TU Electric as evidence for venue purposes in any proceeding related to a Subject Claim arising out of or under this Agreement.

1.3 Transfer of Purchased Assets. At the Closing, Brazos will sell, convey, assign and transfer to TU Electric, and TU Electric will purchase, under and pursuant to a form of the Special Warranty Deed with Vendor's Lien and Bill of Sale, the Purchased Assets.

1.4 Method of Payment. All payments made by TU Electric to Brazos under this Agreement shall be made by wire transfer of immediately available funds through the federal reserve system to Brazos' bank designated in writing to TU Electric. If the due date of any payment under this Agreement falls on a day that is not a Business Day, such payment shall be paid on the first Business Day following the date on which such payment is due.

1.5 Payment of Total Payment. TU Electric shall pay to Brazos the Total Payment as follows:

- (a) Payment Upon Signing. On the date of execution of this Agreement, TU Electric will pay to Brazos the Signing Payment. The Signing Payment shall be held in a separately segregated fund by Brazos until Closing, but Brazos may invest same in its sole discretion. The Signing Payment will be subject to refund prior to the Closing as provided in Article X of this Agreement. Upon the Closing, the Signing Payment will be deemed a part of the Total Payment.
- (b) Payment at the Closing. At the Closing, TU Electric will pay to Brazos the Closing Payment.
- (c) Deferred Payment. At the Closing, TU Electric will execute and deliver to Brazos in payment of the remaining portion of the purchase price the Note, in an original principal amount equal to the total unpaid principal amount of the Brazos Comanche Peak Debt at the Closing Date, the payment of which will be secured by the Mortgage given as a purchase money mortgage and the vendors lien provided for in the Special Warranty Deed with Vendors Lien and

Bill of Sale, it being understood and agreed that Brazos will contemporaneously therewith assign and transfer the Note and the Mortgage together with the vendors lien retained in the Special Warranty Deed with Vendors Lien and Bill of Sale to the REA pursuant to and in accordance with the Assignment Agreement as a mechanism for payment of the Brazos Comanche Peak Debt. The Note shall bear interest at the rate of nine and one-half percent (9-1/2%) per annum on the principal balance unpaid from time to time for the period described therein and at the rate of eight and one-half percent (8-1/2%) per annum on the principal balance unpaid from time to time for the remainder of the term thereof, which term shall be the same as the remaining term of the Brazos Comanche Peak Debt at the Closing Date.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF BRAZOS

Brazos represents and warrants to, and agrees with, TU Electric as follows:

2.1 Legal Status Brazos is a non-profit electric cooperative corporation, duly organized, validly existing and in good standing under the laws of the State of Texas, with full, requisite corporate power and authority to carry on its business as now conducted and to own, sell and transfer the Purchased Assets as provided for in this Agreement.

2.2 Authority for Agreement. Brazos has full, requisite corporate power and authority to execute, deliver and perform this Agreement, the Special Warranty Deed with Vendor's Lien and Bill of Sale and each other agreement and instrument to be executed and delivered in connection with this Agreement, and to carry out its obligations hereunder and thereunder. Brazos has full, requisite corporate power and authority to act for itself and the other persons or entities, private and governmental, acting by, through and under Brazos, in connection with this Agreement, the Special Warranty Deed with Vendor's Lien and Bill of Sale and the other agreements and instruments to be executed and delivered by it pursuant hereto. This Agreement has been, and at the time of the Closing, the Special Warranty Deed with Vendor's Lien and Bill of Sale and such other agreements and instruments as are delivered by Brazos will have been, duly authorized,

executed and delivered by Brazos and this Agreement does, and at the time of Closing, the Special Warranty Deed with Vendor's Lien and Bill of Sale and such other agreements and instruments as are delivered by Brazos will, constitute valid and legally binding obligations of Brazos and the other persons or entities, private and governmental, acting by, through and under Brazos, enforceable against such parties in accordance with their respective terms. Except for the approvals set out in Section 2.3, the execution, delivery and performance of this Agreement, the Special Warranty Deed with Vendor's Lien and Bill of Sale and such other agreements and instruments will not conflict with or result in any violation of, or constitute a default under, (i) the Articles of Incorporation or by-laws of Brazos, or (ii) any material provision of any mortgage, indenture, lease, agreement or other instrument, including any evidence of indebtedness, including without limitation the Brazos Comanche Peak Debt, to which Brazos, or any of Brazos' properties or assets, is subject or a party, or (iii) any permit, concession, grant, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Brazos or any of its property, including the Purchased Assets; or with the passage of time or the giving of notice or the taking of any action by any third party, have any of the effects described herein, except no representation is made with respect to any instrument, permit, concession, grant, franchise or license (and the laws and regulations with respect thereto) made or obtained by TU Electric or the Project Manager on behalf of the Owners.

2.3 Approvals. Brazos has obtained all necessary consents, approvals, orders and authorizations of, and made all necessary registrations, declarations and filings with, each governmental authority or other entity required in connection with the execution, delivery, and performance by Brazos of this Agreement, the Special Warranty Deed with Vendor's Lien and Bill of Sale and the other agreements and instruments to be executed and delivered by Brazos hereunder, except (i) for any such required to be obtained by the Project Manager, (ii) with respect to the rights of first refusal referred to in Section 5.3(b) hereof, (iii) for any such required to be effected from the PUC and NRC referenced in Sections 5.3(c) and (d) hereof, and (iv) those that must be obtained from the REA, the CFC and the FFB referenced in Section 5.3(e). No other filing or registration with, and no

other consent, approval, authorization, permit, certificate or order of any court, tribunal or governmental agency or authority, Federal, state, county or municipal, or any other entity is or will be required by any applicable statute or other law or by any judgment, order or decree or any rule or regulation of any court, tribunal or governmental agency or authority, Federal, state, county or municipal, or agreement with any other entity to permit Brazos to execute, deliver and perform this Agreement, the Special Warranty Deed with Vendor's Lien and Bill of Sale or any agreement or instrument required hereby to be executed and delivered by it at the Closing.

2.4 Liabilities. There are no obligations or liabilities or other obligations or other evidence of indebtedness, of Brazos, including without limitation the Brazos Comanche Peak Debt, whether accrued, absolute, contingent or otherwise, which TU Electric may become liable for or is assuming as a result of the purchase of assets provided for herein or which may apply with respect to the Purchased Assets, except such as currently exist with respect to Comanche Peak and which were entered into or incurred by (i) all parties owning interests in Comanche Peak at the time involved acting collectively, or (ii) the Project Manager or TU Electric or both. Brazos has no debt for financing its interest in Comanche Peak except for the Brazos Comanche Peak Debt and all mortgages, other liens and security interests for all debt which applies to Brazos' interest in Comanche Peak will be released or terminated prior to or at the Closing. The documentation previously delivered by Brazos to TU Electric with regard to the Brazos Comanche Peak Debt comprises all relevant information with respect thereto and omits no information which would be material to an understanding thereof. The amounts specified by Brazos to TU Electric as the amounts paid or payable by Brazos with respect to the Brazos Comanche Peak Debt during the periods of March 1, 1988 until the date hereof and from the date hereof until the Closing Date and the amount specified by Brazos to TU Electric as the unpaid principal balance of the Brazos Comanche Peak Debt at the Closing Date and the payment and other terms of such debt at such time are and will be at the Closing Date true and correct in all respects.

2.5 Taxes. Apart from all taxes and similar charges owed by the Project Manager on behalf of all the Owners collectively, Brazos owes no taxes or similar charges or impositions with respect, or the nonpayment of which would apply, to, or result in any lien or other encumbrance upon, the Purchased Assets to any taxing authority. No tax charge, tax expense or tax claim against the Purchased Assets originating with or caused by the action or inaction of Brazos individually or in combination with any of the Owners other than TU Electric or the Project Manager will attach to or affect any portion of the Purchased Assets conveyed at the Closing.

2.6 Title to Real Property. Brazos has such title in and to the Site and all real property interests therein and the real property interests included in the Transmission Facilities as was conveyed to Brazos by or through TU Electric or by TU Electric's predecessors-in-title. Except in combination with, or in conjunction with action by, all of the Owners of the Site and the real property interests included in the Transmission Facilities acting collectively either directly or through the Project Manager, Brazos has not encumbered the Site or any of the real property interests therein or the real property interests included in the Transmission Facilities with any mortgages, liens, claims, charges, security interests or encumbrances, except in connection with the Brazos Comanche Peak Debt and other Brazos debt, all of which liens and security interests pertaining to the Site or any of the real property interests therein or the real property interests included in the Transmission Facilities will be released prior to or at the Closing.

Brazos, separately or in combination with any or all of the Owners other than TU Electric or the Project Manager, has not taken any action which would result in the structures, improvements and fixtures on such real property constituting a part of the Site not being in conformity with all applicable Federal, state and local zoning, building, health, safety and environmental laws, ordinances, rules or regulations. No notice from any governmental body, which has not otherwise been disclosed to TU Electric or the Project Manager in writing, has been served upon Brazos claiming any violation of any such law, ordinance, rule or regulation or requiring any work, repairs, construction, alterations or installation on or in connection with such real property or the buildings,

structures, fixtures or improvements thereon, nor to Brazos' knowledge has any such violation, which has not otherwise been disclosed to TU Electric or the Project Manager in writing, been claimed or action with respect thereto threatened.

2.7 Title to Personal Property. Brazos has the title to such interest as was conveyed to Brazos by or through TU Electric or TU Electric's predecessor-in-title in all of the equipment, vehicles, fixtures, machinery and other items of personal property, tangible and intangible, to the extent the same are parts of the Purchased Assets to be conveyed at the Closing. Except in combination or in conjunction with action by TU Electric, the Project Manager or all of the Owners acting collectively, and except in connection with the Brazos Comanche Peak Debt and other Brazos debt, the security interests in connection with which pertaining to the equipment, vehicles, fixtures, machinery and other items of personal property, tangible and intangible, which are part of the Purchased Assets will be released prior to or at the Closing, Brazos has not, apart from any personal property and similar charges owed by the Project Manager on behalf of all of the Owners collectively, encumbered the equipment, vehicles, fixtures, machinery and other items of personal property, tangible and intangible, which are part of the Purchased Assets, with any mortgages, liens, claims, charges, security interests, encumbrances or other restrictions or limitations, and assuming payment by TU Electric of any and all transfer taxes that may become due on account of the transfer of the Purchased Assets contemplated by this Agreement and except for the liens for ad valorem taxes not yet due and payable.

2.8 Litigation. There are no Subject Claims, suits or proceedings, administrative or otherwise, pending (i.e. Brazos having been served with process with respect thereto or otherwise having knowledge thereof) against Brazos or, to the best of Brazos' knowledge, threatened against Brazos affecting the Purchased Assets, whether such be at law, in equity or in arbitration, or before or by any governmental department, commission, board, bureau, agency or instrumentality which, if adversely determined against Brazos, would affect Brazos' ability to perform its obligations under this Agreement, except the Pending Litigation, the licensing proceedings to which TU Electric is a party, the Pending Houston

Suit and the Pending Somervell County Suit; and Brazos, separately and apart from the Owners in combination or in conjunction with action by all of the Owners acting collectively either directly or through the Project Manager (but without acknowledgment that such exists with reference to the Owners), is not in default with respect to any order, writ, injunction or decree of any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality affecting the Purchased Assets.

2.9 Contracts. There is not in effect any executory contract, agreement, order or commitment to which Brazos is subject or a party, and to which TU Electric or the Project Manager is not a party, which would bind TU Electric after the Closing with respect to the Purchased Assets and which would adversely affect the value of the Purchased Assets after the Closing.

2.10 Exclusion of Implied Warranties. THE PURCHASED ASSETS ARE BEING SOLD "AS-IS". BRAZOS MAKES NO WARRANTIES CONCERNING THE MERCHANTABILITY OR CONDITION OF THE PURCHASED ASSETS OR OF THEIR FITNESS FOR ANY PARTICULAR PURPOSE, EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY SET FORTH HEREIN.

2.11 Accuracy of Representations and Warranties. All representations and warranties of Brazos contained herein are, and will be at the time of the Closing, accurate and complete in all material respects and all documents delivered by Brazos to TU Electric incident hereto are, and will be at such time, valid and authentic in all respects.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF TU ELECTRIC

TU Electric represents and warrants to, and agrees with, Brazos as follows:

3.1 Corporate Status. TU Electric is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas with full, requisite corporate power and authority to carry on its business as now conducted and to own, buy and accept the transfer of the Purchased Assets as provided for in this Agreement.

3.2 Authority for Agreement. TU Electric has full, requisite corporate power and authority to execute, deliver and perform this Agreement, to receive delivery of the Special Warranty Deed with Vendor's Lien and Bill of Sale, and to execute, deliver and perform the Note, the Mortgage and each other agreement and instrument to be executed and delivered by TU Electric in connection with this Agreement, and to carry out its obligations hereunder and thereunder. TU Electric has full, requisite corporate power and authority to act for itself and the other persons or entities, private and governmental, acting by, through and under TU Electric in connection with this Agreement, the Note, the Mortgage and the other agreements and instruments to be executed and delivered by it pursuant hereto. This Agreement has been, and at the Closing the Note, the Mortgage and such other agreements and instruments will have been, duly authorized, executed and delivered by TU Electric, and this Agreement constitutes, and at the Closing the Note, the Mortgage and such other agreements and instruments will constitute, valid and legally binding obligations of TU Electric enforceable against it in accordance with their respective terms. The execution, delivery and performance of this Agreement, the Note, the Mortgage and such other agreements and instruments will not conflict with or result in any violation of, or constitute a default under, (i) the Articles of Incorporation or by-laws of TU Electric, or (ii) any material provision of any mortgage, indenture, lease, agreement or other instrument to which TU Electric is subject or a party, including any bonds or other obligation or other evidence of indebtedness, or (iii) any permit, concession, grant, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to TU Electric or any of its property, including Comanche Peak; or with the passage of time or the giving of notice or the taking of any action by any third party, have any of the effects described herein.

3.3 Approvals. TU Electric has obtained all necessary consents, approvals, orders and authorizations of, and has made all necessary registrations, declarations and filings with, each governmental authority or other entity required in connection with the execution, delivery, and performance by TU Electric of this Agreement, the Note, the

Mortgage and the other agreements and instruments to be executed and delivered by TU Electric hereunder, except (i) with respect to the rights of first refusal referred to in Section 5.3(b) and (ii) for the filings with the PUC and NRC referenced in Sections 5.3(c) and (d) of this Agreement. No other filing or registration with, and no other consent, approval, authorization, permit, certificate or order of any court, tribunal or governmental agency or authority, Federal, state, county or municipal, or other entity is or will be required by any applicable statute or other law or by any judgment, order or decree or any rule or regulation of any court, tribunal or governmental agency or authority, Federal, state, county or municipal, or agreement with any other entity to permit TU Electric to execute, deliver or perform this Agreement, the Note, the Mortgage or any agreement or instrument required hereby to be executed and delivered by it at the Closing, except as referred to above.

3.4 Authority for TUC Guaranty. TUC has full, requisite corporate power and authority to execute, deliver and perform the Guaranty and to carry out its obligations thereunder. At the Closing, the Guaranty will have been duly authorized, executed and delivered by TUC, and will constitute the valid and legally binding obligation of TUC enforceable against it in accordance with its terms. The execution, delivery and performance of the Guaranty will not conflict with or result in any violation of, or constitute a default under, (i) the Articles of Incorporation or by-laws of TUC, or (ii) any material provision of any mortgage, indenture, lease, agreement or other instrument to which TUC is subject or a party, or (iii) any permit, concession, grant, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to TUC or any of its property; or with the passage of time or the giving of notice or the taking of any action by any third party, have any of the effects described herein.

3.5 Accuracy of Representations and Warranties. All representations and warranties of TU Electric contained herein are, and will be at the time of the Closing, accurate and complete in all material respects and all documents delivered by TU Electric to Brazos incident hereto are, and will be at such time, valid and authentic in all respects.

ARTICLE IV
PRE-CLOSING OBLIGATIONS

Brazos and TU Electric, as appropriate, covenant that between the date of this Agreement and the Closing Date:

4.1 Representations, Warranties and Covenants. Brazos shall not take any action which would result in the representations and warranties set forth in Article II hereof being inaccurate, incorrect or incomplete to the extent applicable as of the Closing Date and Brazos shall take all such action as may be necessary to insure that all covenants and agreements of Brazos set forth in this Agreement which are required to be performed by it at or prior to the Closing Date will have been so performed.

TU Electric shall not take any action which would result in the representations and warranties set forth in Article III hereof being inaccurate, incorrect or incomplete to the extent applicable as of the Closing Date and TU Electric shall take all such action as may be necessary to insure that all covenants and agreements of TU Electric set forth in this Agreement which are required to be performed by it at or prior to the Closing Date will have been so performed.

4.2 Abatement of Participation in Pending Litigation. For purposes of this Section 4.2, the term "TU Electric" shall include not only TU Electric but TUC and its subsidiaries, Texas Utilities Mining Company and Texas Utilities Services Inc., all of which are parties to the Pending Litigation.

Immediately after the execution hereof and to the fullest extent that would not violate court orders in effect in the Pending Dallas Suit, Brazos shall abate all of its voluntary activities in connection with the Pending Litigation, including cessation of the furnishing of any assistance, financial or otherwise, to any party to such litigation and the retention and furnishing of advice or direction to any attorneys of or consultants to any party to such litigation, and any other activity adverse to TU Electric pertaining thereto. In such regard, Brazos agrees that it will immediately direct any attorneys and consultants retained solely by it in connection with the Pending Litigation to abate their

work, and, consistent with any agreements Brazos may have with TMPA and/or Tex-La and consistent with any agreements Brazos may have with consultants hired jointly with TMPA and/or Tex-La (all of which agreements are terminable and will be abated by Brazos immediately after the date hereof and terminated by Brazos upon the Closing), Brazos will as soon as possible withdraw its authorization to any other attorney or consultant employed jointly by it and any of the other parties to the Pending Litigation to incur fees or expenses chargeable to Brazos. Specifically with regard to the Pending Litigation, Brazos (and TU Electric to the extent specified herein) agrees to take the following actions:

- (a) Brazos agrees to the continued abatement of the Pending Austin Suits and agrees not to revive such actions during the pendency of this Agreement and to take any action necessary to oppose such revival as to Brazos. In the event the Pending Dallas Suit is nonsuited in accordance with paragraphs (d) and (e) hereof, Brazos shall not claim that such nonsuit entitles Brazos to revive the Pending Austin Suits;
- (b) Brazos and TU Electric agree to file within three (3) days after the date hereof and diligently pursue a joint motion to sever each of their respective Subject Claims against each other in the Pending Dallas Suit;
- (c) Brazos and TU Electric agree as part of the joint motion required by paragraph (b) hereof to request jointly that the Court in the Pending Dallas Suit approve a standstill agreement with respect to the severed Subject Claims whereby the current scheduling order is withdrawn with respect to the severed Subject Claims and no new scheduling order or trial setting is made, and no discovery or any other steps to advance the litigation between Brazos and TU Electric shall be taken unless this Agreement is terminated or the transactions contemplated hereunder to be consummated prior thereto are not consummated on or prior to the Closing Date, provided, however, any costs incurred and assessed against Brazos by the Court in the Pending Dallas

Suit after approval of such standstill agreement shall be paid by TU Electric until such time as this Agreement is terminated or the transactions contemplated hereunder to be consummated prior thereto are not consummated on or prior to the Closing Date;

- (d) If for any reason the Court in the Pending Dallas Suit refuses to grant the severance or refuses to approve the standstill agreement referenced above prior to the end of three (3) weeks after the date hereof, Brazos and TU Electric agree to immediately nonsuit each of their respective Subject Claims against each other filed in the Pending Dallas Suit on such date which shall be three (3) weeks after the date hereof (or the next day the Court is open for business if such date is a holiday), provided that, as specified in Section 9.7 of this Agreement, TU Electric shall have the right to retain Brazos as a party to the Pending Dallas Suit but only for the purposes specified in said Section 9.7;
- (e) If it is necessary for Brazos and TU Electric to nonsuit the Subject Claims filed against each other in the Pending Dallas Suit, Brazos and TU Electric agree that such nonsuits will not operate to prejudice either party's position with respect to the Subject Claims they have made and legal positions they have taken in the Pending Litigation. In the event this Agreement is terminated or the transactions contemplated hereunder to be consummated prior thereto are not consummated on or prior to the Closing Date, Brazos and TU Electric agree that their Subject Claims in the Pending Dallas Suit shall be refiled in Dallas County in the New Lawsuit in the 14th Judicial District Court (and if such suit is not assigned initially to such Court, Brazos and TU Electric agree to thereafter file a Joint Motion to transfer such suit to such Court), within five (5) Business Days after such termination of this Agreement or failure to close hereunder on the Closing Date, with TU Electric as the plaintiff and Brazos as defendant and counter-plaintiff,

and that Brazos will not oppose venue in Dallas County, Texas except to the extent that Brazos could on the date of this Agreement contest venue in Dallas County, Texas in the Pending Dallas Suit. In the event this Agreement is terminated or the transactions contemplated hereunder to be consummated prior thereto are not consummated on or prior to the Closing Date, Brazos will retain, without limitation, any and all rights Brazos may now have to appeal the order of the Court in the Pending Dallas Suit dated September 19, 1986. For all purposes, including, without limitation, (i) any statute of limitations claim, (ii) any claim concerning §16.069 of the Texas Civil Practice and Remedies Code, and (iii) any claim asserted in the Pending Austin Suits (including without limitation, any Subject Claim concerning which suit was first filed), the New Lawsuit will be considered as having been filed by TU Electric on May 29, 1986, and Brazos' counterclaim in the New Lawsuit will be considered as having been filed by Brazos on June 20, 1986. All discovery, including documents produced and depositions taken, which had been conducted in the Pending Dallas Suit up to the execution of this Agreement, shall be for all purposes considered as having been taken in the New Lawsuit, and all orders issued by the Court in the Pending Dallas Suit up to the execution of this Agreement (except the scheduling order) shall have the same force and effect as if they had been issued in the New Lawsuit;

- (f) No efforts made or cooperation given by Brazos' officers, employees, agents, consultants, experts or attorneys (including, without limitation, Joseph Robert Riley, Spiegel & McDiarmid and Locke Purnell Rain Harrell) pursuant to or under any provision of this Agreement shall create any conflict of interest which would prevent any such employees, agents, consultants or attorneys from participating adversely to TU Electric in any legal proceeding brought by TU Electric against Brazos and/or by Brazos against TU Electric should this Agreement be terminated or should the transactions contemplated

under this Agreement to be consummated prior thereto not be consummated on or before the Closing Date. TU Electric hereby waives any such conflict of interest which might otherwise exist because of any such effort or cooperation; and

- (g) If it is necessary to nonsuit the current Subject Claims, as set forth in paragraphs (d) and (e) above, then in such event upon or at any time after the Closing, if TU Electric requests, Brazos and TU Electric agree that their Subject Claims in the Pending Dallas Suit shall be refiled in the New Lawsuit in Dallas County and that the New Lawsuit and all such Subject Claims shall then immediately be dismissed with prejudice.

4.3 Agreement to Obtain Approvals. Brazos shall use all reasonable efforts to obtain with respect to Brazos and TU Electric shall use all reasonable efforts to obtain with respect to TU Electric all necessary consents, approvals, authorizations, permits, certificates or orders of any court, tribunal or governmental agency or authority, Federal, state, county or municipal, or other entity which are required by any applicable statute or other law or by any judgment, order or decree or any rule or regulation of any court, tribunal or governmental agency or authority, Federal, state, county or municipal, or any agreement or other requirement to permit each of them, respectively, to execute, deliver or perform this Agreement and any agreement or instrument required hereby to be executed and delivered by either of them at the Closing.

ARTICLE V

CONDITIONS TO OBLIGATIONS TO CLOSE

5.1 Conditions to Obligation of Brazos to Close. The obligation of Brazos to consummate and close the transactions contemplated by this Agreement at the Closing is subject to the satisfaction of each of the following conditions at or prior to the Closing:

- (a) Representations and Warranties. The representations and warranties of TU Electric contained in this Agreement shall have been true and correct on and as of the date hereof and shall be true and correct on and as of the Closing Date in all material respects as though such representations and

warranties had been made on and as of the Closing Date, and TU Electric shall have delivered to Brazos a certificate, dated as of the Closing Date, of its Chairman of the Board, a Division President or a Vice President to the foregoing effect;

- (b) Compliance With Agreement. TU Electric shall have fully performed and complied with all of the covenants, agreements and conditions to be performed or complied with by it at or prior to the Closing (including without limitation its assumption obligations with respect to the Joint Ownership Agreement), and TU Electric shall have delivered to Brazos a certificate, dated as of the Closing Date, of its Chairman of the Board, a Division President or a Vice President to the foregoing effect;
- (c) Receipt of Payment. TU Electric shall have delivered to Brazos the payments referenced in paragraphs (a) and (b) of Section 1.5 hereof;
- (d) Receipt of Closing Documents. Brazos shall have received the fully executed Closing documents described in Article VII hereof to be delivered at the Closing; and
- (e) Consent to Assignment Agreement. The REA shall have entered into the Consent to Assignment Agreement attached to the Assignment Agreement, thereby accepting assignment of the Note as a mechanism for paying the Brazos Comanche Peak Debt and assignment of the Mortgage and the vendors lien contained in the Special Warranty Deed with Vendors Lien and Bill of Sale as security for the payment of the Note.
- (f) Receipt of L.R.S. Determination. Brazos shall have received an acceptable Internal Revenue Service determination or Letter Ruling that no payments to be made under this Agreement and the Note will, when added to other nonmember revenues of Brazos, adversely affect Brazos' tax-exempt status under Section 501(c)(12) of the Internal Revenue Code of 1986.

5.2 Conditions to Obligation of TU Electric to Close. The obligation of TU Electric to consummate the transactions contemplated by this Agreement at the Closing is subject to the satisfaction of each of the following conditions at or prior to the Closing:

- (a) Representations and Warranties. The representations and warranties of Brazos contained in this Agreement shall have been true and correct on and as of the date hereof and shall be true and correct on and as of the Closing Date in all material respects as though such representations and warranties had been made on and as of the Closing Date, and Brazos shall have delivered to TU Electric a certificate, dated as of the Closing Date, of its President or Executive Vice President and General Manager to the foregoing effect;
- (b) Compliance with Agreement. Brazos shall have fully performed and complied with all of the covenants, agreements and conditions to be performed or complied with by it at or prior to the Closing, and Brazos shall have delivered to TU Electric a certificate, dated as of the Closing Date, of its President or Executive Vice President and General Manager to the foregoing effect;
- (c) Delivery of Pending Litigation Documentation. At the Closing, Brazos shall have delivered to TU Electric the originals and all copies of all documents and other written material in its custody, control or possession (including without limitation those held by Brazos' agents, attorneys and consultants) pertaining to or involving the Pending Litigation, other than copies of those which are filed in the Pending Litigation or at the NRC or which are privileged or which may be the work product or the product of Brazos' attorney's or consultant's joint defense activities, if any, prepared in connection with the Pending Litigation or correspondence to or from TU Electric or its attorneys or other correspondence or documents copies of which have been provided to TU Electric or its attorneys. Such documents or other written material which are essential to the conduct of Brazos' on-going business activities may be retained by Brazos except for one copy which will have been delivered to TU Electric prior to the Closing. As concerns privileged or joint defense documents or written material, Brazos shall, to the full extent permitted by law, exercise such privileges and claims of confidentiality as may be available to prevent disclosure thereof to any person or entity, private or governmental, and

- (d) Receipt of Closing Documents. TU Electric shall have received the Closing documents described in Article VI hereof to be delivered at the Closing.

5.3 Conditions to Obligation of Both Parties to Close. The obligation of the parties to consummate the transactions contemplated by this Agreement at the Closing Date is subject to the satisfaction of each of the following conditions at or prior to the Closing Date:

- (a) No Adverse Proceeding. There shall not be pending any suit, action or other proceeding by any person before any court or arbitrator or any governmental department, commission, board, bureau, agency or instrumentality in which it is sought to restrain or prohibit any of the transactions contemplated by this Agreement.
- (b) Waiver of Right of First Refusal. Immediately upon execution of this Agreement, Brazos will notify TMPA and Tex-La of the execution of this Agreement by means of the notice attached hereto as Exhibit G. By the Closing Date, TMPA and Tex-La will have executed an irrevocable waiver or other sufficient relinquishment of any rights of first refusal or consent to sale that TMPA and Tex-La may have under the Joint Ownership Agreement (it being agreed that failure to exercise such right in accordance with the terms of the Joint Ownership Agreement by TMPA or Tex-La in response to the notice from Brazos within the time period specified in the Joint Ownership Agreement will constitute sufficient relinquishment of the rights of first refusal of TMPA or Tex-La as the case may be) with respect to any transaction provided for herein or such rights shall have been validly exercised, in whole or in part, by either or both of TMPA and Tex-La and the purchase which arises as a result of such exercise fully consummated. In the event that either or both of TMPA and Tex-La shall have exercised any such rights of first refusal to the extent that TMPA and/or Tex-La acquire all of Brazos' interest in the Purchased Assets, Brazos shall promptly refund to TU Electric the full amount of the Signing Payment less \$15,322,581 and Brazos shall, in consideration for retaining said \$15,322,581 of the Signing

Payment, perform its obligations pursuant to Article IV, Sections 5.2(c), Section 8.1, Section 9.1, Section 9.2, Section 9.5, Section 9.6 and Section 9.7 hereof. It is agreed by Brazos and TU Electric that the purchase price under this Agreement of the Purchased Assets includes an amount, in addition to the payment of cash and delivery of the Note by TU Electric, which represents the forgiveness of certain indebtedness of Brazos to TU Electric under the Joint Ownership Agreement which TU Electric contends Brazos owes it out which Brazos does not admit is owing to TU Electric (the "Brazos JOA Debt"). In such connection, it is understood that inasmuch as such forgiveness of the Brazos JOA Debt is part of the purchase price of the Purchased Assets, Brazos shall require either TMPA or Tex-La, as purchaser of Brazos' interest in the Purchased Assets pursuant to any rights of first refusal or consent to sale under the Joint Ownership Agreement to pay, and, therefore, such purchaser would be required to pay TU Electric and fully satisfy it with respect to the Brazos JOA Debt pertaining to Brazos' interest in the Purchased Assets, purchased by TMPA and/or Tex-La. In the event that TMPA and/or Tex-La exercise any such rights of first refusal to the extent that all of Brazos' interest in the Purchased Assets has not been acquired by TMPA and/or Tex-La, after consummation of the sale to TMPA and/or Tex-La, Brazos shall promptly refund to TU Electric a proportional amount of the Signing Payment (calculated after deducting \$15,322,581) equivalent to the proportion of the Purchased Assets which TMPA and/or Tex-La has elected to acquire. Brazos shall be entitled to retain the \$15,322,581, together with the balance of the Signing Payment not refunded to TU Electric and Brazos and TU Electric agree to perform this Agreement with respect to the portion of the Purchased Assets not acquired by TMPA and/or Tex-La in the manner set forth herein, with appropriate proportional modifications to the payment obligations of TU Electric herein, and to the

obligations of Brazos herein to deliver all of the Purchased Assets, as well as all of the other provisions of this Agreement. In addition, Brazos shall refund to TU Electric a proportional amount of the payments that TU Electric has made with respect to the Brazos Comanche Peak Debt equivalent to the proportion of the Purchased Assets being acquired by TMPA and/or Tex-La, and TMPA or Tex-La shall pay TU Electric the Brazos JOA Debt to the extent set forth hereinbefore.

- (c) Approval by PUC. By final action subject to no further appeal, the PUC shall have approved the transfer to TU Electric of Brazos' certificate of convenience and necessity with respect to the Station and the Transmission Facilities permitting TU Electric's acquisition and ownership of Brazos' ownership interest in the Station and the Transmission Facilities in accordance with the terms hereof. In such connection, TU Electric and Brazos will file within fifteen (15) Business Days of the date of this Agreement and prosecute to the best of their ability a joint application for approval of the transfer of such certificate of convenience and necessity rights and such other applications or filings with the PUC as shall be necessary and essential in connection with the transactions contemplated under this Agreement. In connection with all such proceedings, each party will bear its own cost and expense of prosecuting such applications or filings.

Upon the issuance by the PUC of any order or other document purporting to give the approval contemplated under this Agreement with or without conditions, the parties, with their respective attorneys and other consultants, shall promptly confer and endeavor in good faith to determine if such order or other document evidences the final approval contemplated by this Agreement without any condition that is deemed by either party to be inconsistent with the provisions of this Agreement. It is understood and agreed that, in connection with such applications and filings, TU Electric will

request the PUC not to prejudge either the reasonableness or the recoverability in TU Electric's rates of the consideration payable hereunder and to defer any such determinations to a subsequent TU Electric rate case; however, should the PUC refuse to defer such determination and determine in such certification proceedings that all or any portion of the consideration payable hereunder is unreasonable or shall not be recoverable in TU Electric's rates, such determination shall be deemed by TU Electric to be inconsistent with the provisions of this Agreement and therefore shall be inconsistent for the purposes hereof. If such determination is affirmative the parties shall promptly execute a stipulation dated currently to such effect. If such determination is negative, the parties, at their own cost and expense, respectively, will undertake to cause the PUC to issue such further order or document evidencing its approval as contemplated by this Agreement, including the elimination of any such condition that was deemed by either party to be inconsistent with this Agreement and upon the issuance of any further order or other document by the PUC in such proceedings the same procedures will be followed by the parties as provided in the case of the order or other document first issued by the PUC in such proceedings, including the execution of a stipulation dated currently evidencing the affirmative action by the parties in respect of the order or other document issued by the PUC. The date of any stipulation executed by the parties under this paragraph is referred to as the "PUC Affirmative Date." The provisions of this paragraph shall not affect or detract from the rights of Brazos or TU Electric under Sections 10.1 or 10.2 hereof.

- (d) Approval by NRC. The NRC shall have granted all necessary and essential approvals and consents with respect to the transactions provided for herein, including without limitation the entry of a final non-appealable order approving the sale of Brazos' right, title and interest in the Station and Fuel

to TU Electric in accordance with the terms hereof. In such connection, it is understood and agreed that TU Electric will file within fifteen (15) Business Days of the date of this Agreement and prosecute to the best of its ability all applications or filings with the NRC as shall, in its judgment, be necessary and essential in connection with the transactions contemplated under this Agreement. TU Electric will deliver promptly to Brazos copies of all such applications and filings and will advise Brazos on a current basis with respect to the status of any such proceeding. In connection with all such proceedings, Brazos will, at Brazos' reasonable cost and expense, at the request of TU Electric, render all such assistance as may be appropriate under the circumstances, including without limitation, providing such of its personnel as may be appropriate to testify and otherwise participate in any such proceedings in support of this Agreement.

Upon the issuance by the NRC of any order or other document purporting to approve the transactions contemplated under this Agreement with or without conditions, TU Electric will promptly deliver to Brazos a reproduced legible copy of such order or other document, and the parties, with their respective attorneys and other consultants, shall promptly confer and endeavor in good faith to determine if such order or other document evidences the final approval of the NRC of such transactions contemplated by this Agreement without any condition that is deemed by either party to be inconsistent with the provisions of this Agreement. If such determination is affirmative the parties shall promptly execute a stipulation dated currently to such effect. If such determination is negative, TU Electric, with the assistance of Brazos, which shall be at Brazos' reasonable cost and expense, will undertake to cause the NRC to issue such further order or document evidencing its approval of such transactions including the elimination of any such condition that was deemed by either party to be inconsistent with this

Agreement and upon the issuance of any further order or other document by the NRC in such proceedings the same procedures will be followed by the parties as provided in the case of the order or other document first issued by the NRC in such proceedings, including the execution of a stipulation dated currently evidencing the affirmative action by the parties in respect to the order or other document issued by the NRC. The date of any stipulation executed by the parties under this paragraph is referred to as the "NRC Affirmative Date." The provisions of this paragraph shall not affect or detract from the rights of Brazos or TU Electric under Sections 10.1 or 10.2 hereof.

- (e) Approval of REA, CFC and FFB. The REA, the CFC and the FFB shall have granted all necessary and essential approvals and consents with respect to the transactions provided for herein, including without limitation, their consent to the Assignment Agreement and the acceptance by them of the assignment of the Note, the Mortgage and the vendors lien contained in the Special Warranty Deed with Vendors Lien and Bill of Sale as a payment mechanism and security for such payment mechanism with respect to all promissory notes, mortgages, or other evidences of indebtedness and security agreements or arrangements with respect to the payment thereof, that Brazos may have in favor of the REA, the CFC and the FFB with respect to the Brazos Comanche Peak Debt, so that at the Closing Date Brazos, TU Electric and the REA will enter into the Assignment Agreement and pursuant thereto deliver to the REA the Note and the Mortgage in return for which the REA, the CFC and the FFB will execute and deliver to Brazos all such receipts, releases, termination statements and other documents as shall be necessary or appropriate in the estimation of Brazos and TU Electric to provide for and evidence the termination and release of all mortgages, liens and other security instruments in connection with the Brazos Comanche Peak Debt. In

such connection, it is understood and agreed that Brazos will carry on discussions with the REA, the CFC and the FFB in order to obtain their consent and agreement in the foregoing respects. In connection with all such undertakings, TU Electric will, at TU Electric's cost and expense, at the request of Brazos, render all such assistance as may be appropriate under the circumstances, including without limitation, providing such of its personnel as may be appropriate to participate in any such undertakings in support of this Agreement.

- (f) Execution of Transmission Services Agreement. Brazos and TU Electric shall have executed an appropriate amendment of the Transmission Agreement between Brazos and TU Electric's corporate predecessors, executed on July 25, 1979, to reflect Brazos' sale of the Transmission Facilities to TU Electric.

ARTICLE VI

CLOSING DOCUMENTS FROM BRAZOS

As a condition of Closing, Brazos and the referenced attorney, in each case as appropriate, will deliver to TU Electric on the Closing Date the following:

6.1 Deeds and Transfers, etc. (i) An executed and acknowledged Special Warranty Deed with Vendor's Lien and Bill of Sale; (ii) duplicate counterparts of the amendment contemplated under Section 5.3(f) hereof; and (iii) the Release, Covenant Not to Sue and Indemnity Agreement specified in Sections 9.1 9.2 and 9.5 hereof.

6.2 Lien Search. Real property search certificates from a reputable title company and a UCC search certificate from the Secretary of State of Texas disclosing no security interests, judgments or other liens outstanding against Brazos' ownership interest in the Purchased Assets, other than the Permitted Exceptions and liens securing the Brazos Comanche Peak Debt and other Brazos debt to be released at or prior to the Closing.

6.3 Certificate of Secretarial Officer. A certificate of the Secretary or an Assistant Secretary of the Board of Directors of Brazos, dated the Closing Date, with

respect to the incumbency of officers and their signatures, the existence and good standing of Brazos, and the due adoption of resolutions by the Board of Directors of Brazos and the requisite number of the Members of Brazos authorizing the execution, delivery and performance of this Agreement and the other agreements and instruments to be delivered to TU Electric at the Closing.

6.4 Counsel Opinion. An opinion of Joseph Robert Riley, counsel for Brazos, dated the Closing Date and addressed to the TU Electric in the form set forth in Exhibit H attached hereto.

ARTICLE VII

CLOSING DOCUMENTS FROM TU ELECTRIC

As a condition of Closing, TU Electric and the referenced attorneys, in each case as appropriate, will deliver to Brazos on the Closing Date the following:

7.1 Proof of Payment. Proof of the payment to Brazos pursuant to Section 1.5(b) hereof.

7.2 Other Instruments. (i) The executed Note and Mortgage; (ii) duplicate counterparts of the amendment contemplated under Section 5.3(f) hereof; and (iii) the Release, Covenant Not to Sue, Assumption and Indemnity Agreement specified in Sections 9.3, 9.4 and 9.5 hereof; and (iv) the executed Guaranty.

7.3 Certificate of Secretarial Officer. A certificate of the Secretary or an Assistant Secretary of TU Electric and TUC, dated the Closing Date, with respect to the incumbency of officers and their signatures, corporate existence and good standing, and, in the case of TU Electric, the due adoption of resolutions of the Board of Directors of TU Electric authorizing the execution, delivery and performance of this Agreement and the other agreements and instruments to be delivered by TU Electric to Brazos pursuant hereto at the Closing and, in the case of TUC, the due adoption of resolutions of the Board of Directors of TUC authorizing the execution, delivery and performance of the Guaranty to be delivered by TUC to Brazos pursuant hereto at the Closing.

7.4 Counsel's Opinion. An opinion of Worsham, Forsythe, Sampels & Wooldridge, counsel for TU Electric and TUC, dated the Closing Date and addressed to Brazos in the form set forth in Exhibit I attached hereto.

ARTICLE VIII

CLOSING AND INDEMNIFICATION

8.1 Indemnification by Brazos. Brazos agrees to indemnify, hold harmless and defend TU Electric and anyone related to or affiliated with TU Electric, including its parent, subsidiaries and affiliates and anyone related to or affiliated with such parent, subsidiaries or affiliates, from and against any and all claims, demands, liabilities, losses, costs and expenses, including reasonable attorneys' fees, which TU Electric or anyone related to or affiliated with TU Electric, including its parent, subsidiaries and affiliates and anyone related to or affiliated with such parent, subsidiaries or affiliates, may sustain and which arise out of or are based upon or relate to the inaccuracy or falsity of any representation or warranty made by Brazos set forth in this Agreement or in any other agreement or instrument delivered pursuant hereto or the breach or nonperformance by Brazos of any covenant or agreement with TU Electric or anyone related to or affiliated with TU Electric, including its parent, subsidiaries and affiliates and anyone related to or affiliated with such parent, subsidiaries or affiliates, made by Brazos set forth in this Agreement or in any other agreement or instrument delivered pursuant hereto.

8.2 Indemnification by TU Electric. TU Electric agrees to indemnify and hold harmless and defend Brazos and Brazos' Members and anyone related to or affiliated with Brazos and Brazos' Members from and against any and all claims, demands, liabilities, losses, costs and expenses, including reasonable attorneys' fees, which Brazos, its Members or anyone related to or affiliated with Brazos or its Members may sustain and which arise out of or are based upon or relate to the inaccuracy or falsity of any representation or warranty made by TU Electric set forth in this Agreement or in any other agreement or instrument delivered pursuant hereto or the breach or nonperformance by TU Electric of any covenant or agreement with Brazos, its Members or anyone related

to or affiliated with Brazos or its Members made by TU Electric set forth in this Agreement or in any agreement or instrument delivered pursuant hereto.

8.3 Survival of Representation and Warranties. The representations, warranties, covenants and agreements of the parties hereto shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder for a period of four (4) years after the Closing Date or for such longer period as may be commensurate therewith for any document delivered pursuant hereto which is in effect for a longer period than such four years.

8.4 Notice and Opportunity to Participate in Defense. In the event that Brazos, its Members or TU Electric or any of its parent, subsidiaries or affiliates, or anyone related to or affiliated with any of them, receives notice of the commencement of any action or proceeding or the assertion of any claim in respect of which Brazos, its Members or TU Electric or any of its parent, subsidiaries or affiliates, or anyone related to or affiliated with any of them, may be entitled to indemnification, the party receiving such notice shall give the indemnifying party written notice within ten (10) calendar days thereof (except that failure to so notify will not relieve the indemnifying party of its obligations hereunder except to the extent it has been prejudiced thereby) and the opportunity to participate in the defense thereof and in any settlement negotiations with respect thereto, and will cooperate with the other party in all reasonable respects and make available to the other party all records, evidence and personnel for consultation and testimony reasonably requested by the other party in connection therewith. The settlement of any such action, proceeding or claim without the prior written approval of the indemnifying party shall relieve such party of any obligations to the indemnified party in respect of the subject matter of the settlement of such action, proceeding or claim.

ARTICLE IX

SETTLEMENT OF PENDING LITIGATION

9.1 Brazos' Release. Upon the Closing, Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including

without limitation, to the extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives, shall waive, release, discharge, renounce and relinquish any and all Subject Claims relating to Comanche Peak it has or they have, or may have, whether known or unknown, contingent or absolute, including, without limitation, those based on common law, whether contract (expressed or implied, including express or implied warranty) or tort (including, without limitation, intentional tort, negligence or gross negligence, sole, joint or concurrent) or strict liability or fraud, and those based upon any Federal, state or local statute, law, order or regulation, including, without limitation, the Atomic Energy Act of 1954, as amended, the regulations of the NRC, the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, and any rule or regulation under either, the Texas Securities Act (Title 19, Articles 581-1, et seq., V.A.T.S.) and the Texas Deceptive Trade Practices and Consumer Protection Act, against TU Electric or TUC, or both, in any capacity, whether individually, as Project Manager of Comanche Peak or otherwise, and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, past and present, and any and all of their respective successors, subsidiaries and affiliates and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, past and present, except Subject Claims arising out of or under this Agreement or any of the other agreements or instruments to be delivered by TU Electric or TUC pursuant hereto. Brazos hereby covenants and warrants that it has not assigned any Subject Claims that are to be released at the Closing. At the Closing, Brazos will execute and deliver to TU Electric the form of Release attached hereto as Exhibit J.

9.2 Brazos Covenant Not to Sue. Except as provided for in Section 4.2(g) hereof, upon the Closing, Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including without limitation, to the

extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives, shall agree and covenant that it and they, individually, collectively or in any combination, will forebear from asserting against, and never sue for or look for satisfaction with respect to, TU Electric and TUC and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, past and present, and any and all of their respective successors, subsidiaries and affiliates and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, past and present, any Subject Claim (including without limitation any Subject Claim against any contractor, subcontractor, supplier, consultant, vendor or other person, firm or entity in privity in any manner with any of them which may therefor or as a result thereof have a right over or Subject Claim in subrogation) in any manner involving, concerning, arising out of, or relating to, the design, construction, management and licensing of, or any other matter relating to, Comanche Peak, and the management, procurement, conversion, enrichment, fabrication, shipping, transportation and storage of the Fuel, except for claims arising out of or under this Agreement or any of the other agreements or instruments to be delivered by TU Electric, or any of TU Electric's affiliates, subsidiaries or parent company, pursuant hereto; and Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including without limitation, to the extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives hereby further agrees and covenants that, upon and after the Closing, neither it nor they, individually, collectively or in any combination, will directly or indirectly, challenge, contest or assert any complaint in any court or before any administrative agency or body or in any other

forum whatsoever with respect to, or in any manner involving, concerning, arising out of, or relating to, Comanche Peak and the incidents and attributes thereof including, without limitation, the design, construction, management and licensing of Comanche Peak or any other aspect thereof, the costs and schedule of construction and completion of Comanche Peak, and the reasonableness, prudence or efficiency of the planning, design, construction, management and licensing of Comanche Peak, and the reasonableness, prudence or efficiency of the management, procurement, conversion, enrichment, fabrication, shipping, transportation and storage of the Fuel, and the costs incurred in connection with the management, procurement, conversion, enrichment, fabrication, shipping, transportation and storage of the Fuel, and the breach of the Joint Ownership Agreement and any express or implied warranties arising out of the Joint Ownership Agreement, and any representation, misrepresentation, disclosure or non-disclosure in connection with the negotiations or preceding the execution by Brazos of the Joint Ownership Agreement, and in connection with the performance or nonperformance by TU Electric of its duties, responsibilities or obligations under the Joint Ownership Agreement as Project Manager or otherwise, and the failure of TU Electric to pursue any remedies, either at law or otherwise, that may be, or may have been, available against any and all contractors, subcontractors, suppliers, consultants, vendors or others with respect to Comanche Peak (including separately the Station, Fuel or Transmission Facilities) and on account of anything that has occurred or may have occurred, in whole or in part, with respect to Comanche Peak, (including separately the Station, Fuel or Transmission Facilities) and the incidents and attributes thereof and any of the foregoing whether known or unknown, except with regard to Subject Claims arising out of or under this Agreement or any of the other agreements or instruments to be delivered by TU Electric, or any of TU Electric's affiliates, subsidiaries or parent company, pursuant hereto. At the Closing, Brazos will execute and deliver to TU Electric the form of Covenant Not to Sue attached hereto as Exhibit K. Further, Brazos covenants and agrees that it will cooperate and assist TU Electric in connection with all necessary approvals of this Agreement and that it will

encourage and solicit its attorneys, including Joseph Robert Riley, Spiegel & McDiarmid and Locke Purnell Rain Harrell, and Brazos' separately employed consultants, not to oppose or assist any third party in opposing TU Electric in connection with any matters relating to Comanche Peak (except that nothing herein shall be construed to prohibit said attorneys and consultants from representing Brazos in connection with proceedings in which TU Electric's rates are being determined provided that no opposition, or assistance to any third party opposition, to Comanche Peak related costs is made); and, if necessary to prevent a conflict of interest, it being understood and agreed that Brazos' separately employed consultants and attorneys may have obtained or developed information regarding Comanche Peak in the course of the Pending Litigation that arguably could be inequitable for them to otherwise utilize in view of the consideration being rendered by TU Electric hereunder in order to obtain a final settlement of the matters referred to in this Agreement, Brazos covenants and agrees that it will take all such action as may be necessary or appropriate in order to prevent the consultants and attorneys, including Joseph Robert Riley, Spiegel & McDiarmid and Locke Purnell Rain Harrell, separately employed by it in connection with, the Pending Litigation, from participating or assisting in any manner adverse to Brazos' duty of cooperation herein or to TU Electric in connection with the Pending Litigation, the Pending Houston Suit, the Pending Somervell County Suit or any current or future proceedings or matter before the PUC (except that nothing herein shall be construed to prohibit said attorneys and consultants from representing Brazos in connection with proceedings in which TU Electric's rates are being determined provided that no opposition, or assistance to any third party opposition, to Comanche Peak related costs is made) or the NRC involving or relating to Comanche Peak, or any current or future proceedings (except that nothing herein shall be construed to prohibit said attorneys and consultants from representing Brazos in connection with proceedings in which TU Electric's rates are being determined provided that no opposition, or assistance to any third party opposition, to Comanche Peak related costs is made) before any court or before any administrative agency or body or in any other forum

whatsoever with respect to, or in any manner involving, concerning, arising out of, or relating to: (i) the acts or omissions of TU Electric or the Project Manager referred to or in question in the Pending Litigation or which could have been brought into question in the Pending Litigation; or (ii) the acts or omissions of TU Electric or the Project Manager with respect to Comanche Peak that occur, in whole or in part, prior to the Date of Commercial Operation (as said term is defined in the Joint Ownership Agreement). The covenant set forth in the prior sentence shall survive Closing hereunder and remain in force until the expiration of any Subject Claim covered thereby.

9.3 TU Electric Release. Upon the Closing, TU Electric, for itself and on behalf of its parent, TUC, and their subsidiaries and affiliates and on behalf of any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, including without limitation, to the extent it has the standing and right under law to do so, their customers, and on behalf of their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives shall waive, release, discharge, renounce and relinquish any and all Subject Claims relating to Comanche Peak (including separately the Station, Fuel or Transmission Facilities) it has or they have, or may have, whether known or unknown, contingent or absolute, including, without limitation, those based on common law, whether contract (express or implied, including express or implied warranty) or tort (including, without limitation, intentional tort, negligence or gross negligence, sole, joint or concurrent) or strict liability or fraud, and those based on any Federal, State or local statute, law, order or regulation, including, without limitation, the Atomic Energy Act of 1954, as amended, the regulations of the NRC, the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, and any rule or regulation under either, the Texas Securities Act (Title 19, Articles 581-1, et seq., V.A.T.S.) and the Texas Deceptive Trade Practices and Consumer Protection Act, against Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers) in any capacity, whether individually or otherwise, and its and their respective insurers, agents, servants, employees, officers, directors, consultants,

attorneys and representatives, past and present, and any and all of their respective successors, subsidiaries and affiliates and their respective insurers, agents, servants, employees, officers, directors, members, consultants, attorneys, and representatives, past and present, except Subject Claims arising out of or under this Agreement or the other agreements and instruments executed and delivered pursuant hereto and except that nothing herein shall prohibit TU Electric from charging Brazos for any electric power and energy purchased by Brazos from TU Electric in accordance with the rates set forth in TU Electric's tariff as same may be approved and in effect from time to time even though said rates may include costs related to Comanche Peak. TU Electric hereby covenants and warrants that it has not assigned any Subject Claims that are to be released at the Closing. At the Closing, TU Electric will execute and deliver to Brazos the form of Release attached hereto as Exhibit L.

9.4 TU Electric Covenant Not to Sue. Except as provided for in Section 4.2(g) hereof, upon the Closing, TU Electric, for itself and on behalf of its parent, TUC and their subsidiaries and affiliates, and any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, including without limitation, to the extent it has the standing and right under law to do so, their customers, and their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives shall agree and covenant that it and they, individually, collectively or in any combination, will forbear from asserting against, and never sue for or look for satisfaction with respect to, Brazos and its Members and their respective insurers, agents, servants, employees, officers, directors, members, consultants, attorneys and representatives, past and present, and any and all of their respective successors, subsidiaries, and affiliates and their respective insurers, agents, servants, employees, officers, directors, shareholders, members, consultants, attorneys and representatives, past and present, any Subject Claim in any manner involving, concerning, arising out of, or relating to Comanche Peak, and the management, procurement, conversion, enrichment, fabrication, shipping, transportation and storage of the Fuel, except for claims arising out

of or under this Agreement or any of the other agreements or instruments to be delivered by TU Electric pursuant hereto; and TU Electric, for itself and on behalf of its parent, subsidiaries and affiliates, and any person or entity, private or governmental, claiming by, through or under them, including without limitation, to the extent it has the standing and right under law to do so, its or their customers, and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives hereby further agrees and covenants that, upon and after the Closing, neither it nor they, individually, collectively or in any combination, will directly or indirectly challenge, contest or assert any complaint against Brazos or its Members in any court or before any administrative agency or body or in any other forum whatsoever with respect to, or in any manner involving, concerning, arising out of, or relating to, Comanche Peak and the Joint Ownership Agreement and in connection with the performance or nonperformance by Brazos of its duties, responsibilities or obligations under the Joint Ownership Agreement, and on account of anything that has occurred or may have occurred, in whole or in part, with respect to Comanche Peak, (including separately the Station, Fuel, or Transmission Facilities) and the incidents and attributes thereof and any of the foregoing whether known or unknown, except with regard to Subject Claims arising out of or under this Agreement or any of the other agreements or instruments to be delivered by TU Electric pursuant hereto and except that nothing herein shall prohibit TU Electric from charging Brazos for any electric power and energy purchased by Brazos from TU Electric in accordance with the rates set forth in TU Electric's tariff as same may be approved and in effect from time to time even though said rates may include costs related to Comanche Peak. At the Closing, TU Electric will execute and deliver to Brazos the form of Covenant Not to Sue attached hereto as Exhibit M. Further, TU Electric covenants and agrees that it will encourage and solicit its attorneys, including Worsham, Forsythe, Sampels & Wooldridge, Jackson, Walker, Winstead, Cantwell & Miller, Hunton & Williams, Ackles, Ackles & Ackles and Roy Minton, and TU Electric's consultants, not to oppose or assist any third party in opposing

Brazos in connection with any matters relating to Comanche Peak (except that nothing herein shall be construed to prohibit said attorneys and consultants from representing TU Electric in connection with proceedings in which TU Electric's rates are being determined even though said rates may include costs related to Comanche Peak and Brazos may purchase electric power and energy pursuant to said rates); and, if necessary to prevent a conflict of interest, it being understood and agreed that TU Electric's separately employed consultants and attorneys may have obtained or developed information regarding Brazos in the course of the Pending Litigation that arguably could be inequitable for them to otherwise utilize in view of the consideration being rendered by Brazos hereunder in order to obtain a final settlement of the matters referred to in this Agreement, TU Electric covenants and agrees that it will take all such action as may be necessary or appropriate in order to prevent the consultants and attorneys, including Worsham, Forsythe, Sampels & Worldridge, Jackson, Walker, Winstead, Cantwell & Miller, Hunton & Williams, Ackles, Ackles & Ackles and Roy Minton, separately employed by it in connection with the Pending Litigation or otherwise, from participating or assisting in any manner adverse to TU Electric's duty of cooperation herein or to Brazos in connection with any current or future proceedings or matter before the PUC (except that nothing herein shall be construed to prohibit said attorneys and consultants from representing TU Electric in connection with proceedings in which TU Electric's rates are being determined even though said rates may include costs related to Comanche Peak and Brazos may purchase electric power and energy pursuant to said rates) involving or relating to Comanche Peak, or any current or future proceedings (except that nothing herein shall be construed to prohibit said attorneys and consultants from representing TU Electric in connection with proceedings in which TU Electric's rates are being determined even though said rates may include costs related to Comanche Peak and Brazos may purchase electric power and energy pursuant to said rates) before any court or before any administrative agency or body or in any other forum whatsoever with respect to, or in any manner involving, concerning, arising out of, or relating to the acts or

omissions of Brazos referred to or in question in the Pending Litigation or which could have been brought into question in the Pending Litigation. The covenant set forth in the prior sentence shall survive the Closing and remain in force until the expiration of any Subject Claim covered thereby.

9.5 Assumption of Liabilities and Obligations and Indemnification. Effective upon the Closing, TU Electric agrees to assume all of the duties, responsibilities, liabilities and obligations of Brazos under the Joint Ownership Agreement. Further, effective upon the Closing, TU Electric agrees to indemnify, hold harmless and defend Brazos and its Members and customers (including the customers of Brazos' Members and other wholesale customers) from and against all Subject Claims or any alleged willful or intentional acts of the Project Manager, its agents, servants, employees or independent contractors acting on behalf of the Project Manager which may be asserted against Brazos and its Members and customers (including the customers of Brazos' Members and other wholesale customers) by any third party (other than Brazos' Members and customers and the customers of Brazos' Members or other wholesale customers acting in such capacity), including without limitation Subject Claims predicated upon the alleged actual or imputed negligence or gross negligence of Brazos and its Members and customers (including the customers of Brazos' Members and other wholesale customers) arising out of or connected with, the location, planning, design, construction, licensing, condition, maintenance, operation and decommissioning of Comanche Peak, including but not limited to claims asserted or which might have been or might hereafter be asserted in the Pending Houston Suit and in the Pending Somervell County Suit; provided, however, that TU Electric specifically shall not indemnify Brazos and its Members or customers in connection with any Subject Claims which may be asserted by Brazos' Members and customers, and the customers of Brazos' Members or other wholesale customers, or creditors, acting in such capacity, which in any manner relate to Brazos' participation as an Owner of Comanche Peak or as a party to the Joint Ownership Agreement, or by reason of Brazos' involvement in the Pending Litigation, or by reason of the execution of this Agreement and

participation in the transactions provided for herein, and provided further, that TU Electric specifically shall not indemnify Brazos in connection with any Subject Claims which may be asserted by Tex-La or TMPA or others which in any way relate to Brazos' execution of the Joint Ownership Agreement, or which arise by reason of Brazos' participation in the Pending Litigation, or by reason of Brazos' execution of this Agreement and participation in the transactions provided for herein. TU Electric will, in addition to providing such indemnity, assume the defense of Brazos and its Members and customers (and the customers of Brazos' Members and other wholesale customers) in any tribunal where any such claim is asserted. Pursuant hereto, at the Closing TU Electric will execute and deliver to Brazos the form of Assumption and Indemnity Agreement attached hereto as Exhibit N. Effective upon the Closing, Brazos agrees to indemnify, hold harmless and defend TU Electric, TUC and their respective subsidiaries, affiliates and customers from and against any and all Subject Claims of Brazos or anyone related to or affiliated with Brazos, including Brazos' Members, customers (including the customers of Brazos' Members and other wholesale customers) and creditors, acting in such capacity, relating to Brazos' execution of, or participation in, the Joint Ownership Agreement, Brazos' execution of this Agreement and participation in the transactions provided herein, and Brazos' activities as an Owner separate and apart from joint activities with all other Owners or activities by, through and under the Project Manager. Further, effective upon the Closing, Brazos agrees to indemnify, hold harmless and defend TU Electric, TUC and their respective subsidiaries, affiliates and customers from and against any and all Subject Claims of Brazos or anyone related to or affiliated with Brazos, including Brazos' Members and, to the extent they are acting in such capacity, Brazos' customers (including the customers of Brazos' Members and other wholesale customers) and creditors, with respect to, or in any manner involving, concerning, arising out of, or relating to: (i) the acts or omissions of TU Electric or the Project Manager referred to or in question in the Pending Litigation or which could have been brought into question in the Pending Litigation, including without limitation Subject Claims based upon the negligence or gross

negligence, sole, joint or concurrent, of TU Electric or the Project Manager; and (ii) the acts or omissions of TU Electric or the Project Manager with respect to Comanche Peak that occur, in whole or in part, prior to the Date of Commercial Operation (as said term is defined in the Joint Ownership Agreement), including without limitation Subject Claims based upon the negligence or gross negligence, sole, joint or concurrent, of TU Electric or the Project Manager. Pursuant hereto, at the Closing Brazos will execute and deliver to TU Electric the form of Indemnity Agreement attached hereto as Exhibit O.

9.6 Covenant of Cooperation. The parties hereby covenant and agree to assist, cooperate with, and support each other (other than financial support) in the event that a third party institutes any action against either of them with respect to Comanche Peak and any incident or attribute thereof, except that neither of them shall be required to take any position which it believes is contrary to its material pecuniary interests or contrary to the truth; provided, however, that in any event, Brazos shall not cooperate with or support any party in the Pending Litigation with regard to the Subject Claims being made therein by Tex-La and TMPA.

9.7 Termination of Participation. To the extent that Brazos can, and not be in violation of Section 210 of the Energy Reorganization Act, 42 USC Section 5851 (1983), upon the execution of this Agreement, Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including without limitation, to the extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives, agrees and covenants to immediately abate any and all currently pending actions whatsoever, directly or indirectly, involving or relating to the prosecution or processing of any Subject Claims in any way relating to Comanche Peak against TU Electric or TUC, or their respective directors, officers, employees, agents, insurers, consultants or attorneys, past or present, and any and all of their respective successors, subsidiaries and affiliates and their respective insurers,

agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, past and present, presently or hereafter pending in any court or before any administrative agency or body (except Subject Claims being made in the Pending Litigation, which shall be governed by the provisions of Article IV of this Agreement). In such capacity and to the extent Brazos can and not be in violation of Section 210 of the Energy Reorganization Act, 42 USC Section 5851 (1983) (Brazos hereby representing and warranting that it knows of no violation, actual or alleged, of Section 210 of the Energy Reorganization Act, 42 USC Section 5851 (1983) which has not heretofore been disclosed to TU Electric in writing), Brazos agrees and covenants that Brazos for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including without limitation, to the extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives, shall not prosecute, directly or indirectly, any Subject Claims, objections, motions or other actions adverse to TU Electric in connection with applications for granting the requisite licenses and approvals for Comanche Peak pending before the NRC and its Atomic Safety and Licensing Boards and Atomic Safety and Licensing Appeal Boards, including, without limitation, in NRC Dockets Nos. 50-445-OL, 50-446-OL and 50-445-CPA, the ongoing antitrust review relative to the licensing of Comanche Peak, and any and all appeals from rulings and orders of the NRC related to, or growing out of, said Dockets which are pending before any court. Within three (3) Business Days after the Closing, Brazos shall cause the dismissal, with prejudice to the refiling of same in any forum and in any form whatsoever, of all of its Subject Claims against TU Electric, TUC and their subsidiaries and affiliates in the Pending Litigation, and shall withdraw all of its Subject Claims adverse to TU Electric in connection with the granting of the requisite licenses and approvals for Comanche Peak pending in the NRC Dockets Nos. 50-445-OL, 50-446-OL and 50-445-CPA and any and all proceedings in any manner related to, or arising out of, said Dockets.

Brazos agrees and covenants, from and after the Closing, to fully cooperate with TU Electric and provide all reasonably requested assistance, including providing the legal assistance of its attorneys (including Joseph Robert Riley, Spiegel & McDiarmid and Locke Purnell Rain Harrell), in a timely manner in connection with any legal proceedings (excluding the Pending Litigation) involving Comanche Peak, including the licensing of Comanche Peak by the NRC, including without limitation the ongoing antitrust review in connection therewith, and all proceedings involving Comanche Peak before the PUC to the extent of not opposing, or assisting any third party in opposing, the position being advocated by TU Electric. Except as specifically provided otherwise in this Agreement, TU Electric shall promptly reimburse Brazos for any and all reasonable out-of-pocket expenses and any and all reasonable outside professional fees, including, without limitation, attorneys fees, incurred by Brazos in providing such cooperation.

9.8 TU Electric Actions and Litigation Costs. Within three (3) Business Days after the Closing, TU Electric shall cause the dismissal, with prejudice to the refiling of same in any forum and in any form whatsoever, of all of its Subject Claims against Brazos in the Pending Litigation; provided, however, that TU Electric shall have the right to retain Brazos as a party to the Pending Dallas Suit, not for the purpose of seeking any affirmative relief against or from Brazos, but for the purpose of defeating a possible contention on the part of the other parties thereto with respect to the absence of a necessary party to TU Electric's Subject Claims against the other parties in said case (it being understood that TU Electric's position is that any such contention would not be valid). TU Electric shall promptly reimburse Brazos for any and all expenses reasonably incurred because of any such retention of Brazos by TU Electric in the Pending Dallas Suit. It is expressly understood that nothing herein shall in any manner affect, diminish or impair TU Electric's right to fully prosecute any and all of its Subject Claims against the other parties in the Pending Litigation. Except as provided otherwise above, all costs and expenses related to or incurred in connection with the Pending Litigation shall be borne and paid by the party by whom incurred or to which they are related.

9.9 Termination of Joint Ownership Agreement Relationship. Except as otherwise provided in Section 9.5 hereof with respect to TU Electric's assumption of Brazos' obligations under the Joint Ownership Agreement, Brazos and TU Electric hereby agree that, upon the Closing, the Joint Ownership Agreement, as between Brazos and TU Electric, shall be deemed terminated and of no further force and effect as between them, it being understood that under the circumstances described in Article II, Section 6 of the Deed of Trust the Joint Ownership Agreement may be reinstated.

ARTICLE X

TERMINATION OF AGREEMENT

10.1 Termination of Agreement by TU Electric. In the event at any time after TU Electric's having given written notice of intent to terminate this Agreement and the lapse of two (2) Business Days of discussion (which shall take place within five (5) days of said written notice of intent) between Brazos and TU Electric with respect thereto, TU Electric reasonably determines that the Closing cannot occur for reasons that are beyond TU Electric's control, TU Electric may terminate this Agreement upon seven (7) Business Days' written notice of termination from TU Electric to Brazos, and Brazos agrees to promptly refund and pay to TU Electric the Signing Payment, plus in addition thereto an incremental amount calculated from the date of receipt of the Signing Payment by Brazos at the rate of eight and one-half percent (8-1/2%) per annum. Brazos agrees that it shall have no right to withhold payment of any amounts it agrees to pay herein in respect to or on the basis of its alleged claims in the Pending Litigation. Payment by Brazos of such funds to TU Electric shall constitute acceptance by Brazos of TU Electric's right to terminate this Agreement under the circumstances. In the event of such termination, the rights of the parties with respect to Comanche Peak shall be governed by the Joint Ownership Agreement, the Transmission Agreement executed on July 25, 1979, and the applicable law as determined and applied in the Pending Litigation or the New Lawsuit.

10.2 Termination of Agreement by Brazos. In the event at any time after Brazos' having given written notice of intent to terminate this Agreement and the lapse of two (2) Business Days of discussion (which shall take place within five (5) days of said written notice of intent) between Brazos and TU Electric with respect thereto, Brazos reasonably determines that the Closing cannot occur for reasons that are beyond Brazos' control, Brazos may terminate this Agreement upon seven (7) Business Days' written notice of termination from Brazos to TU Electric and Brazos will immediately refund and pay to TU Electric the Signing Payment plus in addition thereto an incremental amount calculated from the date of receipt of the Signing Payment by Brazos at the rate of eight and one-half percent (8-1/2%) per annum. Brazos agrees that it shall have no right to withhold payment of any amounts it agrees to pay herein in respect to or on the basis of its alleged claims in the Pending Litigation. Acceptance by TU Electric of the return of such funds from Brazos shall constitute acceptance by TU Electric of Brazos' right to terminate this Agreement under the circumstances. In the event of such termination, the rights of the parties with respect to Comanche Peak shall be governed by the Joint Ownership Agreement, the Transmission Agreement executed on July 25, 1979, and the applicable law as determined and applied in the Pending Litigation or the New Lawsuit.

10.3 Automatic Termination. Unless either the Closing has occurred or there is a written agreement signed by TU Electric and Brazos to extend the date set out in this paragraph, this Agreement shall automatically terminate at 5:00 p.m., Dallas, Texas time, on the date which is at the end of nine (9) months after the date hereof, without any need for the giving of notice or any other action by either TU Electric or Brazos. In the event such termination occurs, Brazos will immediately refund and pay to TU Electric the Signing Payment, plus in addition thereto an incremental amount calculated from the date of receipt of the Signing Payment by Brazos at the rate of eight and one-half percent (8-1/2%) per annum. Payment by Brazos and acceptance by TU Electric of the amount set forth in this paragraph shall constitute acceptance by TU Electric and Brazos of termination of this Agreement. In the event of such termination, the rights of the parties

with respect to Comanche Peak shall be governed by the Joint Ownership Agreement, the Transmission Agreement executed on July 25, 1979, and the applicable law as determined and applied in the Pending Litigation or the New Lawsuit.

10.4 Termination of Covenants, Releases and Indemnifications. If this Agreement is terminated pursuant to the provisions of Article X hereof and all amounts specified therein are refunded and paid by Brazos to TU Electric, all releases, covenants not to sue, indemnifications, assumptions and guaranties hereunder or contained in any exhibit hereto shall be void and of no effect whatsoever.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Bulk Sales Law Waiver. To the extent it may lawfully do so, TU Electric hereby waives compliance by Brazos with the bulk sales law of any jurisdiction, if applicable, with respect to the transactions contemplated hereby, and Brazos agrees to hold TU Electric harmless from and against any liability, loss, cost or expense, including reasonable attorneys' fees, which TU Electric may sustain by reason of such noncompliance. TU Electric agrees to give Brazos prompt notice of the assertion of any claim resulting from such noncompliance.

11.2 Further Assurance. Brazos agrees that, after the Closing, it will from time to time, upon the reasonable request of TU Electric, execute, acknowledge and deliver in proper form any instrument of conveyance or further assurance necessary for perfecting in TU Electric or its successors and assigns, as the case may be, the title to the Purchased Assets or for carrying out the purpose and intent of this Agreement.

11.3 No Third Party Beneficiaries. The parties hereto acknowledge and agree that this Agreement is entered into for the sole benefit of TU Electric, TUC, Brazos and Brazos' Members, their respective successors and assigns (to the extent permitted) and, to the extent specifically and expressly set forth elsewhere in this Agreement, their respective insurers, agents, servants, employees, officers, directors, subsidiaries, affiliates, representatives and customers, and that nothing in this Agreement shall be

construed as giving any right, benefit, remedy or claim to any person, firm, corporation or other entity, other than TU Electric, TUC, Brazos and Brazos' Members, their respective successors and assigns (to the extent permitted) and, to the extent specifically and expressly set forth elsewhere in this Agreement, their respective insurers, agents, servants, employees, officers, directors, subsidiaries, affiliates, representatives and customers. Without in any way limiting the foregoing provisions, it is expressly understood that nothing in this Agreement shall affect any of the rights, obligations and remedies among TU Electric and TMPA and Tex-La under the Joint Ownership Agreement or otherwise.

11.4 Default. In the event of default in performance hereunder by either Brazos or TU Electric, the non-defaulting party shall be entitled to all remedies legally available to it including the remedy of specific performance, the parties hereto agreeing that no adequate remedy at law exists.

11.5 Property and Transfer Taxes.

- (a) Property Taxes. All real and personal property taxes, and other similar taxes, charges, and fees imposed on or with respect to or measured by the Purchased Assets not heretofore paid by Brazos shall be the responsibility and liability of TU Electric, except for such taxes, charges and fees caused by the action or inaction of Brazos individually or in combination with any of the Owners other than TU Electric or the Project Manager.
- (b) Transfer Taxes. The payment of any and all real estate transfer, stamp, documentary, deed and recording taxes and fees, and all sales and excise taxes imposed in connection with the Purchased Assets or the sale or transfer of the Purchased Assets shall be the responsibility and liability of TU Electric.

11.6 Expenses. Brazos and TU Electric shall each pay all expenses incurred by them respectively in connection with this Agreement, including the fees of their respective counsel and accountants, if any, except as may be otherwise provided.

11.7 Governing Law. This Agreement shall be construed, and the provisions hereof shall be enforced, in accordance with the laws of the State of Texas.

11.8 Announcements. All press releases or other announcements by TU Electric or Brazos prior to or in connection with the execution of this Agreement shall be approved by Brazos and TU Electric prior to the issuance thereof, which approval shall not be unreasonably withheld.

11.9 Entire Agreement, Amendments. This Agreement, and the other documents delivered pursuant hereto, constitute the entire agreement between Brazos and TU Electric relating to the subject matter hereof and supersede all other prior agreements, representations and understandings between the parties. No supplement to, or modification or amendment of, this Agreement shall be binding, unless executed in writing by both Brazos and TU Electric.

11.10 Assigns, etc. This Agreement shall be binding upon and inure to the benefit of Brazos and its Members, and TU Electric and TUC, and their respective successors and assigns but shall not confer any rights upon any third persons except to the extent expressly provided herein. This Agreement may not be assigned by Brazos without the written consent of TU Electric or by TU Electric without the written consent of Brazos.

11.11 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if served personally on the party to whom notice is to be given at the addresses and to the attention of the persons named as follows, or (b) if sent by telex or nationally recognized overnight delivery service, or (c) by first class mail, postage prepaid, certified and return receipt requested, and properly addressed as follows:

(a) To Brazos at:

Brazos Electric Power Cooperative, Inc.
P. O. Box 2585
Waco, Texas 76702-2585

Attention: Richard E. McCaskill

For Federal Express:

Brazos Electric Power Cooperative, Inc.
2404 LaSalle Avenue
Waco, Texas 76706

Attention: Richard E. McCaskill
(with copy to)

Joseph Robert Riley
Law Offices of Joseph Robert Riley
500 RepublicBank Tower
P. O. Box 153
Waco, Texas 76703

(b) To TU Electric at:

Texas Utilities Electric Company
2001 Bryan Street
Suite 1900
Dallas, Texas 75201

Attention: Erle Nye

(with copy to)

Worsham, Forsythe, Sampels & Wooldridge
2001 Bryan Street
Suite 3200
Dallas, Texas 75201

Attention: Robert A. Wooldridge

11.12 Headings. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

11.13 Execution and Counterparts. This Agreement may be executed in any number of counterparts, each and all of which shall be deemed for all purposes to be one agreement.

11.14 Interest on Past Due Payments. In the event that Brazos or TU Electric fails to timely make any payments to the other which become due under this Agreement, the

incremental amount due on the past due payment for the period between and including the due date and the date actually paid shall be calculated at the rate of twelve and one-half percent (12-1/2%) per annum.

11.15 Use of Representations or Recitals. Any representations or recitals made by Brazos and TU Electric in this Agreement are for the purposes of this Agreement only. In the event that this Agreement is terminated or does not timely close at the Closing Date, neither Brazos nor TU Electric shall use, as evidence or otherwise, any such representations or recitals against the other in any way in the New Lawsuit or any other lawsuit concerning any Subject Claims which have been made in the Pending Litigation.

11.16 Separate Litigation. Any Subject Claims arising out of or under this Agreement shall be prosecuted in a lawsuit separate from the lawsuit in which any Subject Claims which have been made in the Pending Litigation are prosecuted.

11.17 Construction of Comanche Peak. If TU Electric continues to believe that the completion of Comanche Peak is economically and otherwise feasible, TU Electric covenants that it will use its best efforts to complete, or cause to be completed, the construction of Comanche Peak and placing the same in operation.

11.18 Severability. The parties hereto agree that the various obligations and undertakings specified in this Agreement and in the other agreements or instruments referred to herein are each mutually dependent upon one another and, in the event that any fundamental or essential provision of this Agreement or any of such other agreements or instruments is finally determined to be invalid, illegal or unenforceable by a court or administrative body having jurisdiction, TU Electric and Brazos hereby agree to conduct good faith negotiations for the purpose of reaching a mutually acceptable written agreement to replace the deleted provision with a provision which will most nearly accomplish the purpose and intent of the deleted provision. Failing to reach such a mutually acceptable agreement, the parties shall rescind the transactions provided for herein and therein.

11.19 Time of the Essence. Time is of the essence in the performance of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth at the outset hereof.

TEXAS UTILITIES ELECTRIC COMPANY

(Corporate Seal)

By: [Signature]
Its: Chairman of the Board and
Chief Executive

ATTEST:

By: [Signature]
Its: Corporate Secretary

BRAZOS ELECTRIC POWER
COOPERATIVE, INC.

(Corporate Seal)

By: [Signature]
Its: Executive V.P. / G.M.

ATTEST:

By: [Signature]
Its: Secretary

EXHIBIT J

RELEASE

STATE OF TEXAS §
 §
COUNTY OF MC LENNAN §

For and in consideration of the agreements, undertakings, promises, and covenants of TU Electric, TUC, and their subsidiaries and affiliates set forth in the Agreement, including without limitation the contemporaneous delivery to Brazos by TU Electric of (1) a Release releasing certain claims which TU Electric, TUC, and their subsidiaries and affiliates have or may have against Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), (2) a Covenant Not to Sue under which TU Electric, for itself and on behalf of TUC, and their subsidiaries and affiliates and on behalf of any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, covenants not to sue upon certain claims which they may have against Brazos or its Members, and (3) an Assumption and Indemnity Agreement under which TU Electric assumes certain duties, responsibilities, liabilities and obligations of Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), and agrees to indemnify Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), against certain claims, the adequacy and sufficiency of such consideration being hereby acknowledged and confessed, Brazos hereby agrees to the following:

L. Definitions. As used herein, the following terms have the following meanings:

A. "Agreement" means that certain Agreement dated July 5, 1988, by and between Brazos and TU Electric.

B. "Brazos" means Brazos Electric Power Cooperative, Inc.

C. "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related

properties, and is the aggregate and combination of the Station, Fuel, and Transmission facilities, and all other rights and interests associated with or relating thereto.

D. "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.

E. "JOA" means that certain instrument entitled on the cover page thereof "JOINT OWNERSHIP AGREEMENT BETWEEN DALLAS POWER & LIGHT COMPANY, TEXAS ELECTRIC SERVICE COMPANY, TEXAS POWER & LIGHT COMPANY, TEXAS UTILITIES GENERATING COMPANY, TEXAS MUNICIPAL POWER AGENCY AND BRAZOS ELECTRIC POWER COOPERATIVE, INC. FOR COMANCHE PEAK STEAM ELECTRIC STATION," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc.: For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La.

F. "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are members of Brazos, as set out in Exhibit C to the Agreement.

G. "Owners" means collectively TU Electric, Brazos, TMPA and Tex-La, as owners of Comanche Peak in accordance with the terms of the JOA, or singularly any of such parties.

H. "Pending Litigation" means Cause No. 399,482 — Brazos Electric Power Cooperative, Inc. v. Texas Utilities Company, Texas Utilities Electric Company, Texas Utilities Mining Company, and Texas Utilities Services Incorporated, — in the District Court of Travis County, Texas, 345th Judicial District; Cause No. 399,336 — Tex-La Electric Cooperative of Texas, Inc., and Texas Municipal Power Agency v. Texas Utilities and Texas Utilities Electric Company, — in the District Court of Travis County, Texas, 98th Judicial District; and Cause No. 86-6809-A — Texas Utilities Electric Company v. Tex-La Electric Cooperative of Texas, Inc., et al. — in the District Court of Dallas County, Texas, 14th Judicial District.

L. "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the JOA.

J. "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas.

K. "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel, and the Transmission Facilities.

L. "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands, and complaints of whatsoever kind or nature and whether known or unknown.

M. "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.

N. "TMPA" means Texas Municipal Power Agency.

O. "Transmission Facilities" means the Comanche Peak — DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.

P. "TUC" means Texas Utilities Company, which is a Texas corporation and the parent of TU Electric.

Q. "TU Electric" means Texas Utilities Electric Company, which is a Texas corporation.

II. Release. Brazos, except as provided in paragraph III herein, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including without limitation, to the extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys, and representatives does hereby waive, release, discharge, renounce, and relinquish any and all Subject Claims relating to Comanche Peak which it has or they have, or may have, whether known or unknown, contingent or absolute, including, without limitation, those based on common law, whether contract (expressed or implied, including express or implied warranty) or tort (including, without limitation, intentional tort, negligence or gross negligence, sole, joint, or concurrent) or strict liability or fraud, and those based upon any Federal, state, or local statute, law, order or regulation, including without limitation, the Atomic Energy Act of 1954, as amended, the regulations of the United States Nuclear Regulatory Commission, the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, and any rule or regulation under either, the Texas Securities Act (Title 19, Articles 581-1, et seq., V.A.T.S.) and the Texas Deceptive Trade Practices and Consumer Protection Act, against TU Electric or TUC, or both, in any capacity, whether individually, as the Project Manager, or otherwise, and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, past and present, and any and all of their respective successors, subsidiaries, and affiliates, and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys, and representatives, past and present.

III. Exceptions to Release. Brazos specifically does not release the following:

(a) Any Subject Claims arising out of or under the Agreement or any of the agreements or instruments to be delivered by TU Electric or TUC pursuant to the Agreement.

(b) Any Subject Claims which could not have been brought in the Pending Litigation and which accrue on or after the Date of Commercial Operation (as that term is defined in the JOA) and which are based upon the acts or omissions of TU Electric or the Project Manager other than acts or omissions in connection with the planning, design or construction (or the management thereof) of Comanche Peak.

IV. Covenant. Brazos hereby covenants and warrants that it has not assigned any Subject Claims that are hereby released.

V. Control. To the extent any provision of this Release conflicts with any provision in Section 9.1 of the Agreement, this Release shall control as to the agreement of the parties.

EXECUTED this the ____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

BRAZOS ELECTRIC POWER
COOPERATIVE, INC.

(Corporate Seal)

ATTEST:

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT K

COVENANT NOT TO SUE

STATE OF TEXAS §
 §
COUNTY OF MC LENNAN §

For and in consideration of the agreements, undertakings, promises, and covenants of TU Electric, TUC, and their subsidiaries and affiliates set forth in the Agreement, including without limitation the contemporaneous delivery to Brazos by TU Electric of (1) a Release releasing certain claims which TU Electric, TUC, and their subsidiaries and affiliates have or may have against Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), (2) a Covenant Not to Sue under which TU Electric, for itself and on behalf of TUC, and their subsidiaries and affiliates and on behalf of any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, covenants not to sue upon certain claims which they may have against Brazos or its Members, and (3) an Assumption and Indemnity Agreement under which TU Electric assumes certain duties, responsibilities, liabilities and obligations of Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), and agrees to indemnify Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), against certain claims, the adequacy and sufficiency of such consideration being hereby acknowledged and confessed, Brazos hereby agrees to the following:

L. Definitions. As used herein, the following terms have the following meanings:

A. "Agreement" means that certain Agreement dated July 5, 1988, by and between Brazos and TU Electric.

B. "Brazos" means Brazos Electric Power Cooperative, Inc.

C. "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related

properties, and is the aggregate and combination of the Station, Fuel, and Transmission facilities, and all other rights and interests associated with or relating thereto.

D. "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.

E. "JOA" means that certain instrument entitled on the cover page thereof "JOINT OWNERSHIP AGREEMENT BETWEEN DALLAS POWER & LIGHT COMPANY, TEXAS ELECTRIC SERVICE COMPANY, TEXAS POWER & LIGHT COMPANY, TEXAS UTILITIES GENERATING COMPANY, TEXAS MUNICIPAL POWER AGENCY AND BRAZOS ELECTRIC POWER COOPERATIVE, INC. FOR COMANCHE PEAK STEAM ELECTRIC STATION," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc.: For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La.

F. "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are members of Brazos, as set out in Exhibit C to the Agreement.

G. "Owners" means collectively TU Electric, Brazos, TMPA and Tex-La, as owners of Comanche Peak in accordance with the terms of the JOA, or singularly any of such parties.

H. "Pending Litigation" means Cause No. 399,482 — Brazos Electric Power Cooperative, Inc. v. Texas Utilities Company, Texas Utilities Electric Company, Texas Utilities Mining Company, and Texas Utilities Services Incorporated, — in the District Court of Travis County, Texas, 345th Judicial District; Cause No. 399,336 — Tex-La Electric Cooperative of Texas, Inc., and Texas Municipal Power Agency v. Texas Utilities and Texas Utilities Electric Company, — in the District Court of Travis County, Texas, 98th Judicial District; and Cause No. 86-6809-A — Texas Utilities Electric Company v. Tex-La Electric Cooperative of Texas, Inc., et al. — in the District Court of Dallas County, Texas, 14th Judicial District.

I. "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the JOA.

J. "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas.

K. "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel, and the Transmission Facilities.

L. "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands, and complaints of whatsoever kind or nature and whether known or unknown.

M. "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.

N. "TMPA" means Texas Municipal Power Agency.

O. "Transmission Facilities" means the Comanche Peak — DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.

P. "TUC" means Texas Utilities Company, which is a Texas corporation and the parent of TU Electric.

Q. "TU Electric" means Texas Utilities Electric Company, which is a Texas corporation.

II. Covenant Not to Sue and Agreement Not to Challenge. Brazos, except as provided in paragraph III herein, for itself and on behalf of any person or entity, private or governmental, claiming by, through, or under Brazos, including without limitation, to the extent it has the standing and right under law to do so, its Members and customers (including the customers of Brazos' Members and other wholesale customers) and its or their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys, and representatives, does hereby covenant and agree:

(a) That it and they, individually, collectively, or in any combination, will forebear from asserting against, and never sue for or look for satisfaction with respect to, TU Electric, TUC, and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys, and representatives, past and present, and any and all of their respective successors, subsidiaries, and affiliates and their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys, and representatives, past and present, with respect to any Subject Claims (including without limitation any Subject Claim against any contractor, subcontractor, supplier, consultant, vendor or other person, firm or entity in privity in any manner with any of them which may therefor or as a result thereof have a right over or Subject Claim in subrogation) in any manner involving, concerning, arising out of, or relating to, the design, construction, management, and licensing of, or any other matter relating to, Comanche Peak, and the management, procurement, conversion, enrichment, fabrication, shipping, transportation, and storage of the Fuel.

(b) That neither it nor they, individually, collectively, or in any combination, will directly or indirectly challenge, contest, or assert any complaint in any court or before any administrative agency or body or in any other forum whatsoever with respect to, or in any manner involving, concerning, arising out of, or relating to, Comanche Peak and the incidents and attributes thereof including, without limitation: (1) the design, construction, management, and licensing of Comanche Peak or any other aspect thereof, (2) the costs and schedule of construction and completion of Comanche Peak, (3) the reasonableness, prudence, or efficiency of the planning, design, construction, management, and licensing of Comanche Peak, (4) the reasonableness, prudence, or efficiency of the management, procurement, conversion, enrichment, fabrication, shipping, transportation, and storage of the Fuel, (5) the costs incurred in connection with the management, procurement, conversion, enrichment, fabrication, shipping, transportation, and storage of the Fuel, (6) the breach of the JOA and any express or implied warranties arising out of the JOA, (7) any representation, misrepresentation, disclosure, or non-disclosure in connection with the negotiations, or preceding the execution by Brazos of the JOA, (8) in connection with the performance or nonperformance by TU Electric of its duties, responsibilities or obligations under the JOA as Project Manager or otherwise, (9) the failure of TU Electric to pursue any remedies, either at law or otherwise, that may be, or may have been, available against any and all contractors, subcontractors, suppliers, consultants, vendors, or others with respect to Comanche Peak (including separately the Station, Fuel or Transmission Facilities), and (10) on account of anything that has occurred or may have occurred, in whole or in part with respect to Comanche Peak (including separately the Station, Fuel or Transmission Facilities) and the incidents and attributes thereof, and any of the foregoing whether known or unknown.

III. Exceptions to Covenant Not to Sue and Agreement Not to Challenge. Brazos specifically does not covenant not to sue, and specifically does not agree to not assert, challenge or contest, with regard to:

(a) Any Subject Claims arising out of or under the Agreement or any of the other agreements or instruments delivered pursuant to the Agreement.

(b) Any Subject Claims which could not have been brought in the Pending Litigation and which accrue on or after the Date of Commercial Operation (as that term is defined in the JOA) and which are based upon the acts or omissions of TU Electric or the Project Manager other than acts or omissions in connection with the planning, design or construction (or the management thereof) of Comanche Peak.

(c) Any defenses which Brazos has or may have to Subject Claims asserted against Brazos by any persons or parties whomsoever, provided that Brazos may not seek any type of affirmative relief hereunder against TU Electric, TUC, or both, their successors, subsidiaries and affiliates, or its or their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives.

(d) Any counterclaims which Brazos has or may have against any party other than TU Electric, TUC, or both, their successors, subsidiaries and affiliates, or its or their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives, acting in such capacity, with respect to any Subject Claims being asserted against Brazos by anyone other than TU Electric, TUC, or both, their successors, subsidiaries and affiliates, or its or their respective insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys and representatives.

(e) Any proceeding in which TU Electric's rates are being determined, provided that Brazos shall not oppose, or assist any third party opposition to, the inclusion in TU Electric's rates of any and all costs related to Comanche Peak.

IV. Control. To the extent any provision of this Covenant Not to Sue conflicts with any provision in Section 9.2 of the Agreement, this Covenant Not to Sue shall control as to the agreement of the parties.

EXECUTED this the ____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

BRAZOS ELECTRIC POWER
COOPERATIVE, INC.

(Corporate Seal)

By: _____

WITNESSES:

Its: _____

By: _____

Its: _____

EXHIBIT L

RELEASE

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

For and in consideration of the agreements, undertakings, promises, and covenants of Brazos, including without limitation the contemporaneous delivery to TU Electric by Brazos of (1) a Release releasing certain claims which Brazos and any other person or entity, private or governmental, claiming by, through, or under Brazos, including, to the extent it has the standing and right under law to do so, Brazos' Members and customers (and the customers of Brazos' Members and other wholesale customers), have or may have against TU Electric, TUC, or their subsidiaries and affiliates, (2) a Covenant Not To Sue under which Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including, to the extent it has the standing and right under law to do so, Brazos' Members and customers (and the customers of Brazos' Members and other wholesale customers), covenants not to sue upon certain claims which they have or may have against TU Electric, TUC, or their subsidiaries and affiliates, and (3) an Indemnity Agreement under which Brazos indemnifies TU Electric against certain claims, the adequacy and sufficiency of such consideration being hereby acknowledged and confessed, TU Electric hereby agrees to the following:

L. Definitions. As used herein, the following terms have the following meanings:

- A. "Agreement" means that certain Agreement dated July 5, 1988, by and between Brazos and TU Electric.
- B. "Brazos" means Brazos Electric Power Cooperative, Inc.
- C. "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related

properties, and is the aggregate and combination of the Station, Fuel, and Transmission facilities, and all other rights and interests associated with or relating thereto.

D. "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.

E. "JOA" means that certain instrument entitled on the cover page thereof "JOINT OWNERSHIP AGREEMENT BETWEEN DALLAS POWER & LIGHT COMPANY, TEXAS ELECTRIC SERVICE COMPANY, TEXAS POWER & LIGHT COMPANY, TEXAS UTILITIES GENERATING COMPANY, TEXAS MUNICIPAL POWER AGENCY AND BRAZOS ELECTRIC POWER COOPERATIVE, INC. FOR COMANCHE PEAK STEAM ELECTRIC STATION," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc.: For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La.

F. "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are members of Brazos, as set out in Exhibit C to the Agreement.

G. "Owners" means collectively TU Electric, Brazos, TMPA and Tex-La, as owners of Comanche Peak in accordance with the terms of the JOA, or singularly any of such parties.

H. "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the JOA.

I. "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas.

J. "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel, and the Transmission Facilities.

K. "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands, and complaints of whatsoever kind or nature and whether known or unknown.

L. "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.

M. "TMPA" means Texas Municipal Power Agency.

N. "Transmission Facilities" means the Comanche Peak -- DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.

O. "TUC" means Texas Utilities Company, which is a Texas corporation and the parent of TU Electric.

P. "TU Electric" means Texas Utilities Electric Company, which is a Texas corporation.

II. Release. TU Electric, except as set out in paragraph III herein, on behalf of itself, TUC, their subsidiaries and affiliates, and on behalf of any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, including without limitation, to the extent it has the standing and right under law to do so, their customers,

and on behalf of their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys, and representatives, does hereby waive, release, discharge, renounce, and relinquish any and all Subject Claims relating to Comanche Peak which it has or they have, or may have, whether known or unknown, contingent or absolute, including without limitation those based on common law, whether contract (expressed or implied, including express or implied warranty) or tort (including, without limitation, intentional tort, negligence or gross negligence, sole, joint, or concurrent) or strict liability or fraud, and those based upon any Federal, State or local statute, law, order or regulation, including, without limitation, the Atomic Energy Act of 1954, as amended, the regulations of the United States Nuclear Regulatory Commission, the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, and any rule or regulation under either, the Texas Securities Act (Title 19, Articles 581-1, et seq., V.A.T.S.) and the Texas Deceptive Trade Practices and Consumer Protection Act, against Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), whether individually or otherwise, and their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives, past and present, and any and all of their respective successors, subsidiaries, and affiliates, and their respective insurers, agents, servants, employees, officers, directors, members, consultants, attorneys, and representatives, past and present.

III. Exceptions to Release. TU Electric specifically does not release with regard to:

(a) Any Subject Claims arising out of or under the Agreement or any other agreement or instrument executed and delivered pursuant to the Agreement.

(b) Any right or authority to charge Brazos, its Members and customers for any electric power and energy purchased by any of them from TU Electric in accordance with the rates set forth in TU Electric's tariff as same may be approved

and in effect from time to time even though said rates may include costs related to Comanche Peak.

(c) Any defenses which TU Electric has or may have to Subject Claims asserted against TU Electric by any persons or parties whomsoever, provided that TU Electric may not seek any type of affirmative relief hereunder (other than rate relief pursuant to the provisions of the Public Utility Regulatory Act, Article 1446c, V.A.T.S.) against Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), their respective insurers, agents, employees, officers, directors, consultants, attorneys and representatives.

(d) Any counterclaims which TU Electric has or may have against any party other than Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), their respective insurers, agents, employees, officers, directors, consultants, attorneys and representatives, acting in such capacity (other than in connection with rate relief pursuant to the provisions of the Public Utility Regulatory Act, Article 1446c, V.A.T.S.) with respect to any Subject Claims being asserted against TU Electric by anyone other than Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), individually or otherwise, their respective insurers, agents, employees, officers, directors, consultants, attorneys and representatives.

IV. Covenant. TU Electric hereby covenants and warrants that it has not assigned any Subject Claims that are hereby released.

V. Control. To the extent any provision of this Release conflicts with any provision in Section 9.3 of the Agreement, this Release shall control as to the agreement of the parties.

EXECUTED this the _____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

TEXAS UTILITIES ELECTRIC COMPANY

(Corporate Seal)

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

EXHIBIT M

COVENANT NOT TO SUE

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

For and in consideration of the agreements, undertakings, promises, and covenants of Brazos, including without limitation the contemporaneous delivery to TU Electric by Brazos of (1) a Release releasing certain claims which Brazos and any other person or entity, private or governmental, claiming by, through, or under Brazos, including, to the extent it has the standing and right under law to do so, Brazos' Members and customers (and the customers of Brazos' Members and other wholesale customers), have or may have against TU Electric, TUC, or their subsidiaries and affiliates, (2) a Covenant Not To Sue under which Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including, to the extent it has the standing and right under law to do so, Brazos' Members and customers (and the customers of Brazos' Members and other wholesale customers), covenants not to sue upon certain claims which they have or may have against TU Electric, TUC, or their subsidiaries and affiliates, and (3) an Indemnity Agreement under which Brazos indemnifies TU Electric against certain claims, the adequacy and sufficiency of such consideration being hereby acknowledged and confessed, TU Electric hereby agrees to the following:

L. Definitions. As used herein, the following terms have the following meanings:

- A. "Agreement" means that certain Agreement dated July 5, 1988, by and between Brazos and TU Electric.
- B. "Brazos" means Brazos Electric Power Cooperative, Inc.
- C. "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related

properties, and is the aggregate and combination of the Station, Fuel, and Transmission facilities, and all other rights and interests associated with or relating thereto.

D. "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.

E. "JOA" means that certain instrument entitled on the cover page thereof "JOINT OWNERSHIP AGREEMENT BETWEEN DALLAS POWER & LIGHT COMPANY, TEXAS ELECTRIC SERVICE COMPANY, TEXAS POWER & LIGHT COMPANY, TEXAS UTILITIES GENERATING COMPANY, TEXAS MUNICIPAL POWER AGENCY AND BRAZOS ELECTRIC POWER COOPERATIVE, INC. FOR COMANCHE PEAK STEAM ELECTRIC STATION," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc.: For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La.

F. "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are members of Brazos, as set out in Exhibit C to the Agreement.

G. "Owners" means collectively TU Electric, Brazos, TMPA and Tex-La, as owners of Comanche Peak in accordance with the terms of the JOA, or singularly any of such parties.

H. "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the JOA.

L. "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas.

J. "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel, and the Transmission Facilities.

K. "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands, and complaints of whatsoever kind or nature and whether known or unknown.

L. "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.

M. "TMPA" means Texas Municipal Power Agency.

N. "Transmission Facilities" means the Comanche Peak -- DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.

O. "TUC" means Texas Utilities Company, which is a Texas corporation and the parent of TU Electric.

P. "TU Electric" means Texas Utilities Electric Company, which is a Texas corporation.

II. Covenant Not to Sue and Agreement Not to Challenge. TU Electric, except as provided in paragraph III hereof, for itself and on behalf of TUC and their subsidiaries and affiliates and any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, including without limitation, to the extent it has the standing and

right under law to do so, their customers, and their respective insurers, agents, servants, employees, officers, directors, consultants, attorneys and representatives, does hereby covenant and agree:

(a) That it and they, individually, collectively, or in any combination, will forebear from asserting against, and never sue for or look for satisfaction with respect to, Brazos, its Members, and their respective insurers, agents, servants, employees, officers, directors, members, consultants, attorneys, and representatives, past and present, and any and all of their respective successors, subsidiaries, and affiliates and their respective insurers, agents, servants, employees, officers, directors, shareholders, members, consultants, attorneys, and representatives, past and present, with respect to any Subject Claims (including without limitation any Subject Claim against any contractor, subcontractor, supplier, consultant, vendor or other person, firm or entity in privity in any manner with any of them which may therefor or as a result thereof have a right over or Subject Claim in subrogation) in any manner involving, concerning, arising out of, or relating to, the design, construction, management, and licensing of, or any other matter relating to, Comanche Peak, and the management, procurement, conversion, enrichment, fabrication, shipping, transportation, and storage of the Fuel.

(b) That neither it nor they, individually, collectively, or in any combination, will directly or indirectly challenge, contest or assert any complaint against Brazos or its Members in any court or before any administrative agency or body or in any other forum whatsoever with respect to, or in any manner involving, concerning, arising out of, or relating to, Comanche Peak and the JOA and in connection with the performance or nonperformance by Brazos of its duties, responsibilities or obligations under the JOA, and on account of anything that has occurred or may have occurred, in whole or in part, with respect to Comanche Peak (including

separately the Station, Fuel or Transmission Facilities) and the incidents and attributes thereof, and any of the foregoing whether known or unknown.

III. Exceptions to Covenant Not to Sue and Agreement Not to Challenge.

TU Electric specifically does not covenant not to sue, and specifically does not agree to not assert, challenge or contest, with regard to:

- (a) Any Subject Claims arising out of or under the Agreement or any other agreement or instrument executed and delivered pursuant to the Agreement.
- (b) Any right or authority to charge Brazos, its Members and customers for any electric power and energy purchased by any of them from TU Electric in accordance with the rates set forth in TU Electric's tariff as same may be approved and in effect from time to time even though said rates may include costs related to Comanche Peak.
- (c) Any defenses which TU Electric has or may have to Subject Claims asserted against TU Electric by any persons or parties whomsoever, provided that TU Electric may not seek any type of affirmative relief hereunder (other than rate relief pursuant to the provisions of the Public Utility Regulatory Act, Article 1446c, V.A.T.S.) against Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), their respective insurers, agents, employees, officers, directors, consultants, attorneys and representatives.
- (d) Any counterclaims which TU Electric has or may have against any party other than Brazos, its Members and customers (including the customers of Brazos' Members and other wholesale customers), their respective insurers, agents, employees, officers, directors, consultants, attorneys and representatives, acting in such capacity (other than in connection with rate relief pursuant to the provisions of the Public Utility Regulatory Act, Article 1446c, V.A.T.S.) with respect to any Subject Claims being asserted against TU Electric by anyone other than Brazos, its Members and customers (including the customers of Brazos' Members and other

wholesale customers), individually or otherwise, their respective insurers, agents, employees, officers, directors, consultants, attorneys and representatives.

IV. Control. To the extent any provision of this Covenant Not to Sue conflicts with any provision in Section 9.4 of the Agreement, this Covenant Not to Sue shall control as to the agreement of the parties.

EXECUTED this the ____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

TEXAS UTILITIES ELECTRIC COMPANY

(Corporate Seal)

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

EXHIBIT N

ASSUMPTION AND INDEMNITY AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

For and in consideration of the agreements, undertakings, promises, and covenants of Brazos as set forth in the Agreement, including without limitation the contemporaneous delivery to TU Electric by Brazos of (1) a Release releasing certain claims which Brazos and any other person or entity, private or governmental, claiming by, through, or under Brazos, including, to the extent it has the standing and right under law to do so, Brazos' Members and customers (and the customers of Brazos' Members and other wholesale customers), have or may have against TU Electric, TUC and their subsidiaries and affiliates, (2) a Covenant Not To Sue under which Brazos, for itself and on behalf of any person or entity, private or governmental, claiming by, through or under Brazos, including, to the extent it has the standing and right under law to do so, Brazos' Members and customers (and the customers of Brazos' Members and other wholesale customers), covenants not to sue upon certain claims which they have or may have against TU Electric, TUC and their subsidiaries and affiliates, and (3) an Indemnity Agreement under which Brazos indemnifies TU Electric against certain claims, the adequacy and sufficiency of such consideration being hereby acknowledged and confessed, TU Electric hereby agrees to the following:

L. Definitions. As used herein, the following terms have the following meanings:

- A. "Agreement" means that certain Agreement dated July 5, 1988, by and between Brazos and TU Electric.
- B. "Brazos" means Brazos Electric Power Cooperative, Inc.
- C. "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related

properties, and is the aggregate and combination of the Station, Fuel, and Transmission facilities, and all other rights and interests associated with or relating thereto.

D. "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.

E. "JOA" means that certain instrument entitled on the cover page thereof "JOINT OWNERSHIP AGREEMENT BETWEEN DALLAS POWER & LIGHT COMPANY, TEXAS ELECTRIC SERVICE COMPANY, TEXAS POWER & LIGHT COMPANY, TEXAS UTILITIES GENERATING COMPANY, TEXAS MUNICIPAL POWER AGENCY AND BRAZOS ELECTRIC POWER COOPERATIVE, INC. FOR COMANCHE PEAK STEAM ELECTRIC STATION," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc.: For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La.

F. "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are members of Brazos, as set out in Exhibit C to the Agreement.

G. "Owners" means collectively TU Electric, Brazos, TMPA and Tex-La, as owners of Comanche Peak in accordance with the terms of the JOA, or singularly any of such parties.

H. "Pending Litigation" means Cause No. 399,482 — Brazos Electric Power Cooperative, Inc. v. Texas Utilities Company, Texas Utilities Electric Company, Texas Utilities Mining Company, and Texas Utilities Services Incorporated, — in the District Court of Travis County, Texas, 345th Judicial District; Cause No. 399,336 — Tex-La Electric Cooperative of Texas, Inc., and Texas Municipal Power Agency v. Texas Utilities and Texas Utilities Electric Company, — in the District Court of Travis County, Texas, 98th Judicial District; and Cause No. 86-6809-A — Texas Utilities Electric Company v. Tex-La Electric Cooperative of Texas, Inc., et al. — in the District Court of Dallas County, Texas, 14th Judicial District.

I. "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the JOA.

J. "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas.

K. "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel, and the Transmission Facilities.

L. "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands, and complaints of whatsoever kind or nature and whether known or unknown.

M. "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.

N. "TMPA" means Texas Municipal Power Agency.

O. "Transmission Facilities" means the Comanche Peak — DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.

P. "TUC" means Texas Utilities Company, which is a Texas corporation and the parent of TU Electric.

Q. "TU Electric" means Texas Utilities Electric Company, which is a Texas corporation.

II. Assumption of Liabilities. TU Electric assumes all the duties, responsibilities, liabilities, and obligations of Brazos under the JOA and under the Atomic Energy Act of 1954, as amended, and the rules and regulations of the Nuclear Regulatory Commission thereunder pertaining to Comanche Peak.

III. Indemnification. TU Electric further agrees to indemnify, hold harmless, and defend Brazos and its Members and customers (including the customers of Brazos' Members and other wholesale customers) from and against any and all liability, loss, cost, damage, or expense (including without limitation reasonable attorneys' fees, court costs, costs of appeal, supersedeas bonds, and costs of investigating, defending, attempting to settle, and, if TU Electric approves the settlement, settling any claim, demand, or cause of action) arising out of the following:

(a) all Subject Claims (INCLUDING WITHOUT LIMITATION SUBJECT CLAIMS PREDICATED UPON THE ALLEGED ACTUAL OR IMPUTED NEGLIGENCE, GROSS NEGLIGENCE OR STRICT LIABILITY OF BRAZOS AND ITS MEMBERS) arising out of or connected with the location, planning, design, construction, licensing, condition, maintenance, operation, and decommissioning of Comanche Peak, including without limitation all claims asserted or which might have been or might hereafter be asserted in Cause No. 83-29889 in District Court of Harris County, Texas, 215th Judicial District, removed in April, 1988, to the United States District Court for the Southern District of Texas, Houston Division,

numbered Civil Action No. H-88-1409, and styled Charles A. Atchison, et al v. Brown & Root, Inc., et al., and in Cause No. 2692 in the District Court of Somervell County, Texas, 18th Judicial District, and styled Clementine Mathews and her husband Dolphin Mathews v. Comanche Peak Electric Steam Station, et al.

(b) all Subject Claims arising out of any alleged act (including willful or intentional acts) of the said Project Manager, its predecessors, agents, servants, employees or independent contractors acting for or on behalf of the Project Manager or its predecessors.

IV. Exceptions to Indemnification. Without limitation, TU Electric specifically does not agree to indemnify Brazos, its Members or customers in connection with the following:

(a) Any Subject Claims which may be asserted by Brazos' Members, customers, the customers of Brazos' Members or other wholesale customers, or creditors, acting in such capacity, which relate to Brazos' decision to participate as an Owner of Comanche Peak, or which relate to Brazos' decision to become a party to the JOA, or which relate to Brazos' involvement in the Pending Litigation, or which relate to Brazos' execution of the Agreement and participation in the transactions provided for in the Agreement.

(b) Any Subject Claims which may be asserted by Tex-La, IMPA, or others (except TU Electric, TUC, and their affiliates, subsidiaries, successors and assigns, and except for their insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys, and representatives, past and present, acting in such capacities) which relate to Brazos' decision to become a party to the JOA, or which arise by reason of Brazos' participation in the Pending Litigation, or which arise by reason of Brazos' execution of the Agreement and participation in the transactions provided for in the Agreement.

(c) Any liability, cost or expense pursuant to TU Electric's rates set forth in TU Electric's tariff as same may be approved and in effect from time to time, even though said rates may include costs related to Comanche Peak, for electric power and energy purchased by Brazos, its Members and customers from TU Electric.

(d) Any Subject Claims relating to Brazos' performance under the Agreement or any other agreement or instrument executed or delivered pursuant to the Agreement.

V. Assumption of Defense. TU Electric will, in addition to providing the foregoing indemnity, assume the defense of Brazos and its Members and customers (including the customers of Brazos' Members and other wholesale customers) in any tribunal where any claim set out in paragraph III, and not excepted in paragraph IV, is asserted. Provided, however, that, in the event Brazos or any of its Members or customers (including the customers of Brazos' Members or other wholesale customers) receive notice of the commencement of any action or proceeding or the assertion of any claim with respect to which any of them may be entitled to indemnification hereunder or under the Agreement, the party receiving such notice shall give TU Electric written notice within ten (10) calendar days of such notice (the failure to so notify will not relieve TU Electric of its obligations hereunder except to the extent it has been prejudiced by a failure to so notify) and shall give TU Electric the opportunity to participate in the defense and in any settlement negotiations with respect thereto, and will cooperate with TU Electric in all reasonable respects and make available to TU Electric all records, evidence and personnel for consultation and testimony reasonably requested by TU Electric in connection therewith. The settlement of any such action, proceeding or claim without the prior written approval of TU Electric shall relieve TU Electric of any obligations to the indemnified party in respect of the subject matter of the settlement of such action, proceeding, or claim.

VI. Control. To the extent any provision of this Assumption and Indemnity Agreement conflicts with any provision in Section 9.5 of the Agreement, this Assumption and Indemnity Agreement shall control as to the agreement of the parties.

EXECUTED this the ____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

TEXAS UTILITIES ELECTRIC COMPANY

(Corporate Seal)

ATTEST:

By: _____

Its: _____

By: _____

Its: _____

numbered Civil Action No. H-88-1409, and styled Charles A. Atchison, et al v. Brown & Root, Inc., et al., and in Cause No. 2692 in the District Court of Somervell County, Texas, 18th Judicial District, and styled Clementine Mathews and her husband Dolphin Mathews v. Comanche Peak Electric Steam Station, et al.

(b) all Subject Claims arising out of any alleged act (including willful or intentional acts) of the said Project Manager, its predecessors, agents, servants, employees or independent contractors acting for or on behalf of the Project Manager or its predecessors.

IV. Exceptions to Indemnification. Without limitation, TU Electric specifically does not agree to indemnify Brazos, its Members or customers in connection with the following:

(a) Any Subject Claims which may be asserted by Brazos' Members, customers, the customers of Brazos' Members or other wholesale customers, or creditors, acting in such capacity, which relate to Brazos' decision to participate as an Owner of Comanche Peak, or which relate to Brazos' decision to become a party to the JOA, or which relate to Brazos' involvement in the Pending Litigation, or which relate to Brazos' execution of the Agreement and participation in the transactions provided for in the Agreement.

(b) Any Subject Claims which may be asserted by Tex-La, TMPA, or others (except TU Electric, TUC, and their affiliates, subsidiaries, successors and assigns, and except for their insurers, agents, servants, employees, officers, directors, shareholders, consultants, attorneys, and representatives, past and present, acting in such capacities) which relate to Brazos' decision to become a party to the JOA, or which arise by reason of Brazos' participation in the Pending Litigation, or which arise by reason of Brazos' execution of the Agreement and participation in the transactions provided for in the Agreement.

(c) Any liability, cost or expense pursuant to TU Electric's rates set forth in TU Electric's tariff as same may be approved and in effect from time to time, even though said rates may include costs related to Comanche Peak, for electric power and energy purchased by Brazos, its Members and customers from TU Electric.

(d) Any Subject Claims relating to Brazos' performance under the Agreement or any other agreement or instrument executed or delivered pursuant to the Agreement.

V. Assumption of Defense. TU Electric will, in addition to providing the foregoing indemnity, assume the defense of Brazos and its Members and customers (including the customers of Brazos' Members and other wholesale customers) in any tribunal where any claim set out in paragraph III, and not excepted in paragraph IV, is asserted. Provided, however, that, in the event Brazos or any of its Members or customers (including the customers of Brazos' Members or other wholesale customers) receive notice of the commencement of any action or proceeding or the assertion of any claim with respect to which any of them may be entitled to indemnification hereunder or under the Agreement, the party receiving such notice shall give TU Electric written notice within ten (10) calendar days of such notice (the failure to so notify will not relieve TU Electric of its obligations hereunder except to the extent it has been prejudiced by a failure to so notify) and shall give TU Electric the opportunity to participate in the defense and in any settlement negotiations with respect thereto, and will cooperate with TU Electric in all reasonable respects and make available to TU Electric all records, evidence and personnel for consultation and testimony reasonably requested by TU Electric in connection therewith. The settlement of any such action, proceeding or claim without the prior written approval of TU Electric shall relieve TU Electric of any obligations to the indemnified party in respect of the subject matter of the settlement of such action, proceeding, or claim.

VI. Control. To the extent any provision of this Assumption and Indemnity Agreement conflicts with any provision in Section 9.5 of the Agreement, this Assumption and Indemnity Agreement shall control as to the agreement of the parties.

EXECUTED this the ____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

TEXAS UTILITIES ELECTRIC COMPANY

(Corporate Seal)

ATTEST:

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT O

INDEMNITY AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF MC LENNAN §

For and in consideration of the agreements, undertakings, promises, and covenants of TU Electric, TUC and their subsidiaries, and affiliates, set forth in the Agreement, including without limitation the (1) contemporaneous delivery to Brazos by TU Electric of a Release releasing certain claims which TU Electric, TUC, and their subsidiaries and affiliates have or may have against Brazos, (2) a Covenant Not to Sue under which TU Electric, for itself and on behalf of TUC, and their subsidiaries and affiliates and on behalf of any person or entity, private or governmental, claiming by, through or under TU Electric or TUC, covenants not to sue upon certain claims which they may have against Brazos or its Members, (3) the contemporaneous delivery to Brazos by TU Electric of an Assumption and Indemnity Agreement under which TU Electric assumes certain duties, responsibilities, liabilities, and obligations of Brazos and agrees to indemnify Brazos against certain claims and (4) the payment by TU Electric to Brazos of the Signing Payment and the Closing Payment (as those terms are defined in the Agreement), the adequacy and sufficiency of such consideration being hereby acknowledged and confessed, Brazos hereby agrees to the following:

- L. Definitions. As used herein, the following terms have the following meanings:
- A. "Agreement" means that certain Agreement dated July 5, 1988, by and between Brazos and TU Electric.
 - B. "Brazos" means Brazos Electric Power Cooperative, Inc.
 - C. "Comanche Peak" means the nuclear-fueled electric generating facility under construction on certain lands situated in Hood and Somervell Counties, Texas, and consisting of two units having a nominal capacity of 1,150 megawatts each, and related

properties, and is the aggregate and combination of the Station, Fuel, and Transmission facilities, and all other rights and interests associated with or relating thereto.

D. "Fuel" means the Comanche Peak nuclear fuel, irrespective of chemical and/or physical form, and the rights and interests related thereto.

E. "JOA" means that certain instrument entitled on the cover page thereof "JOINT OWNERSHIP AGREEMENT BETWEEN DALLAS POWER & LIGHT COMPANY, TEXAS ELECTRIC SERVICE COMPANY, TEXAS POWER & LIGHT COMPANY, TEXAS UTILITIES GENERATING COMPANY, TEXAS MUNICIPAL POWER AGENCY AND BRAZOS ELECTRIC POWER COOPERATIVE, INC. FOR COMANCHE PEAK STEAM ELECTRIC STATION," executed on January 2, 1979, together with and as modified by that certain instrument entitled on the cover page thereof "Modification of Joint Ownership Agreement Between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, Texas Municipal Power Agency and Brazos Electric Power Cooperative, Inc.: For Comanche Peak Steam Electric Station," executed on June 1, 1979, together with and as amended by (i) the Amendment of Joint Ownership Agreement, executed on December 9, 1980, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La, together with and as amended by (ii) the Second Amendment of Joint Ownership Agreement, executed on February 12, 1982, between Dallas Power & Light Company, Texas Electric Service Company, Texas Power & Light Company, Texas Utilities Generating Company, TMPA, Brazos, and Tex-La.

F. "Members" means the twenty (20) Texas non-profit electric cooperative corporations that are members of Brazos, as set out in Exhibit C to the Agreement.

G. "Owners" means collectively TU Electric, Brazos, TMPA and Tex-La, as owners of Comanche Peak in accordance with the terms of the JOA, or singularly any of such parties.

H. "Pending Litigation" means Cause No. 399,482 — Brazos Electric Power Cooperative, Inc. v. Texas Utilities Company, Texas Utilities Electric Company, Texas Utilities Mining Company, and Texas Utilities Services Incorporated, — in the District Court of Travis County, Texas, 345th Judicial District; Cause No. 399,336 — Tex-La Electric Cooperative of Texas, Inc., and Texas Municipal Power Agency v. Texas Utilities and Texas Utilities Electric Company, — in the District Court of Travis County, Texas, 98th Judicial District; and Cause No. 86-6809-A — Texas Utilities Electric Company v. Tex-La Electric Cooperative of Texas, Inc., et al. — in the District Court of Dallas County, Texas, 14th Judicial District.

I. "Project Manager" means TU Electric designated and acting as such in accordance (or purportedly in accordance) with the terms of the JOA.

J. "Site" means approximately 7,669 acres owned (in fee or other estate or interest) by the Owners, as tenants in common, and located in Hood and Somervell Counties, Texas.

K. "Station" means the Site, all improvements thereon (including Squaw Creek Lake and Park) and all fixtures and attachments thereto, as well as (i) all personal property thereon and associated therewith or related thereto and owned by the Owners, and (ii) all rights (tangible or intangible), and all easements and other interests of any nature associated therewith or related thereto and owned by the Owners, excluding, however, the Fuel, and the Transmission Facilities.

L. "Subject Claims" means any and all claims, actions, controversies, causes of action, disputes, demands, and complaints of whatsoever kind or nature and whether known or unknown.

M. "Tex-La" means Tex-La Electric Cooperative of Texas, Inc.

N. "TMPA" means Texas Municipal Power Agency.

O. "Transmission Facilities" means the Comanche Peak — DeCordova 345 kV electrical transmission line approximately 14.4 miles in length, and associated rights-of-way, equipment, fixtures and personal property.

P. "TUC" means Texas Utilities Company, which is a Texas corporation and the parent of TU Electric.

Q. "TU Electric" means Texas Utilities Electric Company, which is a Texas corporation.

II. Indemnification. Brazos hereby agrees to indemnify, hold harmless, and defend TU Electric, TUC, and their subsidiaries, affiliates and customers, from and against any and all liability, loss, cost, damage, or expense (including without limitation reasonable attorneys' fees, court costs, cost of appeal, supersedeas bonds, and costs of investigating, defending, attempting to settle, and, if Brazos approves the settlement, settling any claim, demand or cause of action) arising out of Subject Claims of Brazos, or anyone related to or affiliated with Brazos, including Brazos' Members, customers (including the customers of Brazos' Members and other wholesale customers) and creditors, acting in such capacity, relating to (1) Brazos' execution of, or participation in, the JOA, (2) Brazos' execution of the Agreement and participation in the transactions provided therein, and (3) Brazos' activities as an Owner separate and apart from joint activities with all other Owners or activities by, through, and under the Project Manager. Further, Brazos hereby agrees to indemnify, hold harmless and defend TU Electric, TUC, and their subsidiaries, affiliates and customers, from and against any and all liability, loss, cost, damage, or expense (including without limitation reasonable attorneys' fees, court costs, cost of appeal, supersedeas bonds, and costs of investigating, defending, attempting to settle, and, if Brazos approves the settlement, settling any claim, demand or cause of action) arising out of Subject Claims of Brazos, or anyone related to or affiliated with Brazos, including Brazos' Members and, to the extent they are acting in such capacity, Brazos' customers (including the customers of Brazos' Members and other wholesale

customers) and creditors, with respect to, or in any manner involving, concerning, arising out of, or relating to: (1) the acts or omissions of TU Electric or the Project Manager referred to or in question in the Pending Litigation or which could have been brought into question in the Pending Litigation, INCLUDING WITHOUT LIMITATION SUBJECT CLAIMS BASED UPON THE NEGLIGENCE OR GROSS NEGLIGENCE, SOLE, JOINT OR CONCURRENT, OF TU ELECTRIC OR THE PROJECT MANAGER; and (2) the acts or omissions of TU Electric or the Project Manager with respect to Comanche Peak that occur, in whole or in part, prior to the Date of Commercial Operation (as said term is defined in the Joint Ownership Agreement), INCLUDING WITHOUT LIMITATION SUBJECT CLAIMS BASED UPON THE NEGLIGENCE OR GROSS NEGLIGENCE, SOLE, JOINT OR CONCURRENT, OF TU ELECTRIC OR THE PROJECT MANAGER.

III Exceptions to Indemnification. Without limitation, Brazos specifically does not agree to indemnify TU Electric, TUC, and their subsidiaries, affiliates and customers in connection with the following:

(a) Any Subject Claims which may be asserted by TUC's or TU Electric's shareholders, customers or creditors, acting in such capacity, which relate to TU Electric's decision to become a party to the JOA, or which relate to TU Electric's involvement in the Pending Litigation, or which relate to TU Electric's execution of the Agreement and participation by TU Electric and TUC in the transactions provided for in the Agreement.

(b) Any Subject Claims which may be asserted by Tex-La, TMPA, or others (except Brazos, its Members and their affiliates, subsidiaries, successors and assigns, and except for their insurers, agents, servants, employees, officers, directors, members, consultants, attorneys, and representatives, past and present, acting in such capacities) which relate to TU Electric's decision to become a party to the JOA, or which arise by reason of TU Electric's participation in the Pending Litigation, or which arise by

reason of TU Electric's execution of the Agreement and participation by TU Electric and TUC in the transactions provided for in the Agreement.

(c) Any liability, cost or expense pursuant to Brazos' rates set forth in Brazos' tariff as same may be approved and in effect from time to time, even though said rates may include costs related to Comanche Peak, for electric power and energy purchased by TU Electric from Brazos.

(d) Any Subject Claims relating to TU Electric's or TUC's performance under the Agreement or any other agreement or instrument executed and delivered pursuant to the Agreement.

IV. Assumption of Defense. Brazos will, in addition to providing the foregoing indemnities, assume the defense of TU Electric, TUC, and their subsidiaries, affiliates and customers, in any tribunal where any claim set out in paragraph II, and not excepted in paragraph III, is asserted. Provided, however, that in the event TU Electric, TUC, or their subsidiaries, affiliates or customers, receive notice of the commencement of any action or proceeding or the assertion of any claim with respect to which any of them may be entitled to indemnification hereunder or under the Agreement, the party receiving such notice shall give Brazos written notice within ten (10) calendar days of receiving such notice (the failure to so notify will not relieve Brazos of its obligations hereunder except to the extent Brazos has been prejudiced by a failure to so notify) and the opportunity to participate in the defense and in any settlement negotiations with respect thereto, and will cooperate with Brazos in all reasonable respects and make available to Brazos all records, evidence, and personnel for consultation and testimony reasonably requested by Brazos in connection therewith. The settlement of any such action, proceeding, or claim without the prior written approval of Brazos shall relieve Brazos of any obligations to the indemnified party in respect of the subject matter of the settlement of such action, proceeding, or claim.

V. Control. To the extent any provision of this Indemnity Agreement conflicts with any provision of Section 9.5 of the Agreement, this Indemnity Agreement shall control as to the agreement of the parties.

EXECUTED this the _____ day of _____, 1988, as duly authorized by an appropriate resolution of its Board of Directors.

BRAZOS ELECTRIC POWER
COOPERATIVE, INC.

(Corporate Seal)

ATTEST:

By: _____

Its: _____

By: _____

Its: _____