



Department of Energy
Washington, DC 20585

February 13, 2010

Oglethorpe Power Corporation (An Electric Membership Corporation)
2100 East Exchange Place
Tucker, Georgia 30084-5336
Attention: Betsy Higgins
Chief Financial Officer

Re: United States Department of Energy ("DOE") Loan Guarantee

Ladies and Gentlemen:

This letter and the summary of the proposed principal terms and conditions attached hereto as Annex A (including all exhibits, schedules and attachments referenced therein) (collectively, this "Term Sheet") sets forth the terms and conditions of DOE's offer to provide to Oglethorpe Power Corporation (An Electric Membership Corporation) (the "Company"), pursuant to Title XVII of the Energy Policy Act of 2005 (Pub. L. No. 109-58), as amended ("Title XVII"), a loan guarantee in the aggregate principal amount of up to US\$3,057,069,461 (the "Loan Guarantee") on the terms and conditions set forth in this Term Sheet. By signing this Term Sheet in the manner provided below, the Company (i) confirms that it desires to obtain the Loan Guarantee, on the terms and conditions set forth herein, with respect to a loan or loans (the "Guaranteed Obligations") to be provided by the Federal Financing Bank ("FFB") and (ii) acknowledges and agrees to its obligations set forth in this Term Sheet. The definitive agreements between and among DOE, FFB and the Company setting forth the terms and conditions of the Loan Guarantee and the Guaranteed Obligations are referred to in this Term Sheet as the "Definitive Agreements."

Upon the due execution and delivery of this Term Sheet by the Company and payment of the portion of the "DOE Loan Facility Fee" that is due and payable upon such execution and delivery (as provided in Annex A), this Term Sheet shall constitute a conditional commitment (the "Conditional Commitment") in accordance with Section 609.8(b) of the Regulations (as defined in Annex A). All provisions herein are subject to the terms and conditions of the Program Requirements (as defined in Annex A).

The Company represents and warrants to DOE as follows:

(a) the execution and delivery of this Term Sheet has been duly authorized by the Company and the obligations of the Company set forth in the Conditional Commitment constitute valid, legal, and binding obligations of the Company; and

(b) to the knowledge of the Company, the Company's application for the Loan Guarantee (including all exhibits thereto, the "Application") and the Company's written responses to written due diligence questions from DOE (other than any forward-looking



information contained in the Application and such responses), are complete and, taken together as a whole, correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements are made. Any forward-looking information contained in the Application and the Company's written responses to written due diligence questions from DOE was prepared in good faith and was based on assumptions that the Company believed to be reasonable.

The Company shall pay or, at DOE's discretion, reimburse DOE or such persons as DOE may direct, for (a) all reasonable costs and expenses (including fees and expenses for outside legal counsel and consultants identified to the Company and with whom the Company has entered into a fee payment agreement letter) incurred by DOE in connection with the negotiation and preparation of this Term Sheet, the Definitive Agreements and the documents, instruments, and approvals required to be delivered hereunder or thereunder, and for all other reasonable out of pocket costs and expenses incurred by DOE, and (b) all costs and expenses (including fees and expenses for outside legal counsel) incurred in connection with the collection of any amount due hereunder. Reasonable costs and expenses incurred by DOE both prior to and subsequent to the date of execution of the Conditional Commitment by the Company shall be due and payable promptly upon written demand by DOE.

Neither the Company, nor any of their affiliates, on the one hand, nor DOE, on the other hand, shall issue any press release concerning the Conditional Commitment without the prior consent of the other, which consent shall not be unreasonably withheld or delayed. Any description of DOE, the Conditional Commitment, the terms and conditions thereof, or any other circumstances concerning DOE's support for the Company or the Project shall be subject to DOE's prior written consent. The provisions of this paragraph shall not restrict in any way DOE, the Company or any of its affiliates from making any disclosures which it or they determine are necessary or appropriate to comply with the requirements of law, including, without limitation, with respect to the Company and its affiliates, rules and regulations of the Georgia Public Service Commission or applicable securities laws.

The Company shall at all times indemnify and hold harmless DOE and its officials, employees, advisors, agents, and servants (each, an "Indemnified Person") from and against, and reimburse such Indemnified Persons for: (a) any and all losses, claims, damages, liabilities, penalties, costs and expenses of any kind or nature whatsoever in any way relating to or arising out of or in connection with the Conditional Commitment to which an Indemnified Person may become subject (each, a "Loss"); and (b) any and all claims, litigation, investigations or proceedings relating to any Loss regardless of whether any Indemnified Person is a party thereto, and any and all costs and expenses incurred by an Indemnified Person in defending, analyzing, settling, or resolving a Loss (the "Costs of Defense"). The foregoing indemnity shall not apply to the extent that a court or arbitral tribunal of competent jurisdiction renders a final non-appealable determination that a Loss or a Cost of Defense resulted from (i) the gross negligence or willful misconduct of an Indemnified Person, or (ii) DOE's failure to perform any act required of it under the Conditional Commitment. The foregoing indemnity is independent of and in addition to any other rights of any Indemnified Person in connection with any Loss or Costs of Defense hereunder, under any other agreement, or at law. Each Indemnified Person shall have the right to control its, his or her defense. Each Indemnified Person agrees to (x) notify the

Company promptly after its, his or her receipt of a notice of the commencement of any claim, investigation or proceeding for which indemnification will be sought from the Company pursuant to this paragraph and (y) keep the Company reasonably informed of material developments with respect thereto. The Company may, at any time and at its own expense, elect to participate in the defense of any claim for which indemnification will be sought from the Company. The Company shall not have any liability with respect to any settlement or compromise of any claim or proceeding effected without its prior written consent, which shall not be unreasonably withheld, nor shall the Company be liable for the fees and disbursements of more than one firm of attorneys in connection with the same matter in the same jurisdiction for all Indemnified Persons, unless it would be necessary or desirable to retain multiple firms of attorneys as a result of the interests of such Indemnified Persons not being fully aligned. The obligations in this paragraph shall survive execution and delivery of the Definitive Agreements.

If for any reason the Definitive Agreements are not executed and delivered on or before the earlier of December 31, 2012 or three months after issuance of the COL (as defined in Annex A), DOE's obligations under the Conditional Commitment shall terminate, unless extended by DOE in its sole discretion. In addition, without limiting DOE's rights under the Program Requirements, DOE may, at any time, by written notice to the Company, revoke this Term Sheet or terminate the Conditional Commitment, as applicable, terminate its obligations hereunder, or pursue any and all rights and remedies then available to DOE upon the occurrence of any of the following: (a) the Company fails or refuses to comply in a timely manner with any of the terms, provisions, or conditions of the Conditional Commitment; (b) DOE, in its reasonable judgment, determines that a material adverse change has occurred or is reasonably likely to occur in the (i) business, properties, or financial condition of the Company or the Project (as defined in Annex A), (ii) ability of the Company to carry out the Project or to perform its respective obligations hereunder or under the Definitive Agreements, or (iii) condition or value of any material collateral security; (c) any of the information, data, representations, or other materials submitted to DOE by or on behalf of the Company contains any inaccuracy, omission, or misrepresentation that is material to DOE's decision to provide the Loan Guarantee on the terms set forth herein; (d) it becomes unlawful for DOE or FFB to make or maintain any commitment to extend credit or allocate funds to the Company for the Project due to the adoption of, change in, change in the interpretation of, or change in the effectiveness of, any applicable law after the date of this Term Sheet; (e) DOE, in its sole judgment, is not satisfied with the results of its due diligence investigation; (f) a determination by NRC (as defined in Annex A) that the COL will not be issued on or prior to December 31, 2012; or (g) the occurrence of any event that would constitute a Mandatory Prepayment Event (as defined in Annex A). In addition, upon thirty (30) days' written notice to DOE, the Company may terminate the Conditional Commitment and its obligations thereunder arising or incurred after the date of such cancellation. Upon any such termination, the Company shall pay to DOE on demand any fees, costs, expenses, or other amounts then due hereunder.

From the date of this Conditional Commitment until execution of the Definitive Agreements or termination of this Term Sheet or the Conditional Commitment, as applicable, the Company will promptly provide to DOE on an ongoing basis such information relating to the Company, its principals, the member wholesale power contracts to which the Company is a party, the Company's mortgage indenture, the Project and the financing thereof as may be reasonably requested by DOE.

The representations and warranties, and the payment, reimbursement, and indemnification provisions contained herein shall survive the execution of the Definitive Agreements and any modification, cancellation, termination, or expiration of the Conditional Commitment, as applicable, except as expressly provided in or superseded by the Definitive Agreements.

All payments due hereunder to DOE shall be paid in U.S. dollars by wire transfer in immediately available funds as follows:

U.S. Treasury Department
ABA No. 0210-3000-4 TREASNYC/CTR/BNF=D89000001
OBI=LGPO Loan No. 1017 - Facility Fee

The Company may not assign this Term Sheet or the Conditional Commitment, as applicable, or any rights hereunder to any person or entity. This Term Sheet and the Conditional Commitment are for the sole benefit of the Company and DOE, and no other person (other than the Indemnified Persons) shall be a direct or indirect beneficiary thereof, be entitled to rely thereon, or have any direct or indirect cause of action or claim in connection therewith. The Conditional Commitment embodies the entire agreement and understanding among the parties hereto and supersedes any prior agreements or understandings, written or oral, relating to the subject matter hereof. The Conditional Commitment may not be amended or waived except by an instrument in writing signed by each of the parties hereto.

THE CONDITIONAL COMMITMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE FEDERAL LAW OF THE UNITED STATES OF AMERICA. TO THE EXTENT THAT FEDERAL LAW DOES NOT SPECIFY THE APPROPRIATE RULE OF DECISION FOR A PARTICULAR MATTER AT ISSUE, IT IS THE INTENTION AND AGREEMENT OF THE PARTIES HERETO THAT THE LAW OF THE STATE OF NEW YORK SHALL BE ADOPTED AS THE GOVERNING FEDERAL RULE OF DECISION.

Any legal action or proceeding with respect to the Conditional Commitment or any document related hereto may be brought in the courts of the United States of America located in the District of Columbia and, by execution and delivery of this Term Sheet, the Company accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. The Company hereby accepts venue in each such court and waives any right to claim inconvenience of the forum.

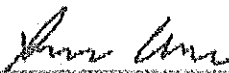
EACH OF DOE AND THE COMPANY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE ARISING OUT OF, IN CONNECTION WITH, OR RELATED TO, THE CONDITIONAL COMMITMENT OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

This Term Sheet may be executed in separate counterparts, each of which shall be an original, and all of which taken together shall constitute one and the same agreement.

If this Term Sheet correctly sets forth our understanding please indicate your acknowledgement and agreement to the terms hereof by signing and returning to DOE an executed original counterpart of this Term Sheet no later than May 17, 2010. Upon timely receipt of such signed counterpart (by facsimile with the original to follow by overnight or local courier) by DOE and payment of the portion of the "DOE Loan Facility Fee" that is due and payable upon such execution and delivery (as provided in Annex A), the provisions of this letter and Sections 16 and 29 of Annex A shall constitute an effective and legally binding agreement between the parties as of the date hereof. The Company may request an extension of the date upon which execution of this Term Sheet is required. Extension of this Term Sheet shall be at DOE's option.

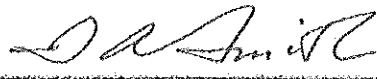
Very truly yours,

UNITED STATES DEPARTMENT OF
ENERGY

By: 
Name: Steven Chu
Title: Secretary

ACKNOWLEDGED AND AGREED TO,
as of the date of this Term Sheet:

OGLETHORPE POWER
CORPORATION (AN ELECTRIC
MEMBERSHIP CORPORATION)

By: 
Name: Thomas A. Smith
Title: President & CEO

**ANNEX A
TO DOE LOAN GUARANTEE LETTER
SUMMARY OF TERMS AND CONDITIONS**

This term sheet ("*Term Sheet*") is a summary of the proposed principal terms and conditions for a U.S. Department of Energy ("*DOE*") guarantee of a loan to Oglethorpe Power Corporation (An Electric Membership Corporation) (the "*Borrower*") made by the Federal Financing Bank ("*FFB*"), pursuant to Title XVII of the Energy Policy Act of 2005, as amended ("*Title XVII*").

The complete and final terms and conditions will be set forth in appropriate documentation (the "*Definitive Agreements*"), which will be negotiated by DOE, FFB and the Borrower (collectively, the "*Parties*"). Capitalized terms used but not defined in this Term Sheet have the meanings given to such terms (as of the date hereof) in the final regulations located at 10 C.F.R. Part 609 promulgated by DOE to implement Title XVII (the "*Regulations*").

All provisions of this Term Sheet are subject to the following: (i) the provisions of Title XVII and the Regulations, and (ii) all DOE or FFB legal and financial requirements, policies, and procedures applicable to the Title XVII program from time to time (the "*Program Requirements*," except that from and after the date that the Definitive Agreements are entered into, the term "Program Requirements" shall not include DOE or FFB requirements, policies and procedures referenced at subsection (ii) of the definition not having the force of law).

1. Parties

Borrower: Oglethorpe Power Corporation (An Electric Membership Corporation), an electric membership corporation organized and existing under the laws of Georgia.

Eligible Lender: FFB, an instrumentality of the United States government created by the Federal Financing Bank Act of 1973 that is under the general supervision of the Secretary of Treasury.

Loan Servicer: FFB, DOE, or such other financial institution selected by DOE in its sole discretion.

2. Project

The construction of an approximately 2,214 MW nuclear generating facility in accordance with the Project Plans (as defined below), utilizing the Westinghouse AP1000 technology, and located approximately 30 miles south of Augusta, Georgia, including associated transmission facilities and fuel (the "*Project*"). The Project will be comprised of two units (the "*Units*"). The AP1000 is a pressurized water reactor with passive safety systems, designed to achieve and maintain safe shutdown in case of design-basis accidents without operator action, AC power or pumps. The Borrower owns a 30% undivided interest in the Project (the "*Undivided Interest*"), and Georgia Power Company ("*GPC*") owns a 45.7% undivided interest, Municipal Electric Authority of Georgia or various subsidiaries of Municipal Electric Authority of Georgia ("*MEAG*") owns a 22.7% undivided

interest, and the City of Dalton ("*Dalton*") owns a 1.6% undivided interest (collectively, the Borrower, GPC, MEAG and Dalton are referred to as the "*Owners*").

The Borrower will provide, or cause to be provided, detailed project plans that have been approved by the United States Nuclear Regulatory Commission (the "*NRC*") and any other regulatory authority the approval of which is required by law for the design, construction, equipping, operation and maintenance of the Project (the "*Project Plans*"), including without limitation engineering and construction plans, operating and maintenance plans and/or management plans. Such Project Plans may be revised from time to time by the Borrower or the Operator (as defined below) subject to receipt of any required approvals of the NRC and any other regulatory authority the approval of which is required by law.

Southern Nuclear Operating Company, a wholly-owned subsidiary of The Southern Company (the "*Operator*"), will oversee construction of and operate the Project on behalf of the Owners. The Operator will be the holder of the combined construction permit and operating license (the "*COL*") issued by the NRC. The Operator currently operates the Vogtle Electric Generating Plants Units 1 and 2, as well as four other nuclear units.

The Borrower will provide detailed plans for financing all of the estimated costs attributable to the Borrower's Undivided Interest in the Project ("*OPC Base Project Costs*"). The Borrower estimates as of the date of this Term Sheet that such costs equal [REDACTED] as set forth on Schedule I attached hereto. As used herein, "*OPC Overrun Project Costs*" shall mean the portion of costs attributable to the Borrower's Undivided Interest in the Project, if any, in excess of OPC Base Project Costs.

3. FFB Credit Facility

A loan from FFB (the "*Guaranteed Loan*") available to the Borrower in the principal amount (the "*Guaranteed Loan Amount*") of up to the lesser of (i) \$3,057,069,461 and (ii) 70% of Eligible Project Costs, as set forth on Schedule II attached hereto. As used herein, "*Eligible Project Costs*" shall mean those portions of OPC Base Project Costs that are eligible for funding as "Project Costs" as defined in the Regulations. Amounts borrowed and repaid may not be reborrowed.

4. **Funding Commitments** All portions of OPC Base Project Costs that are not Eligible Project Costs, plus those portions of Eligible Project Costs for which the Guaranteed Loan Amount is not available ("*Ineligible Project Costs*") shall be paid by the Borrower. The Borrower shall (i) fund its Undivided Interest in the Project ("*Base Funding*") in an amount not less than 100% of all Ineligible Project Costs (the "*Base Funding Commitment*"), and (ii) fund 100% of OPC Overrun Project Costs (the "*Overrun Funding Commitment*") from sources other than the Guaranteed Loan; provided that following the occurrence of a Mandatory Prepayment Event as provided in Section 14(e) (*Mandatory Prepayments*) of this Term Sheet, the Borrower shall not be obligated to fund the Overrun Funding Commitment.
5. **DOE Guarantee** An unconditional guarantee by DOE (the "*DOE Guarantee*") of 100% of the principal of and interest on the Guaranteed Loan (the "*Guaranteed Obligations*") in accordance with the Program Requirements and on terms and conditions as agreed with FFB.
6. **Full Faith and Credit** The DOE Guarantee will be irrevocable and unconditional and will pledge the full faith and credit of the United States of America to the payment of the Guaranteed Obligations.
7. **Availability of Funds** Subject to the terms of the Definitive Agreements, advances of the Guaranteed Loan (each an "*Advance*") may be requested from time to time during the period from (x) the date of the satisfaction of the conditions to the initial Advance through (y) a date to be agreed in the Definitive Agreements (the "*Availability Period*").
8. **Use of Proceeds** The proceeds of Advances will be used to pay Eligible Project Costs in accordance with a financial plan and construction budget to be submitted by the Borrower. The Borrower will provide updated financial plans and construction budgets to DOE each quarter, unless there have been no changes to the previously delivered plans and budgets, in which case the Borrower will notify DOE that no changes have been made. The Borrower shall request an Advance by submitting an Advance request to DOE. The Borrower will certify in each Advance request that the amounts are to be borrowed: (i) to pay Eligible Project Costs then due and payable, or (ii) to reimburse the Borrower for Eligible Project Costs that have been previously paid and have not been the subject of a prior Advance, in each case in accordance with the financial plan and construction budget submitted by the Borrower. Each

Advance request will provide sufficient detail of the subject Eligible Project Costs and include wire transfer instructions and copies of invoices or other supporting documentation satisfactory to DOE. Each Advance request will be reviewed and certified by MPR Associates, Inc., or such other engineering firm selected by DOE in its sole discretion (the "*DOE Engineer*"). The DOE Engineer will be permitted to conduct reasonable periodic inspections of the Project during construction. Amounts requested in any Advance request will be funded by FFB within five business days following receipt by FFB of (i) an Advance request from the Borrower, and (ii) an Advance approval notice from DOE. DOE shall promptly review each Advance request and, after such review and receipt of all necessary certifications, shall promptly issue an Advance approval notice. The Borrower may request Advances no more frequently than once per calendar quarter.

9. Amortization; Term

The outstanding principal amount of the Guaranteed Loan will be payable in accordance with Schedule III, with installments of principal commencing on a date to be agreed in the Definitive Agreements; provided that the Borrower shall not be required to commence repayment of the principal amount of the Guaranteed Loan earlier than the projected commercial operation date for the Project (each such payment date, a "*Principal Payment Date*"). The final maturity of the Guaranteed Loan will be the last Principal Payment Date to occur prior to the date that is 360 months after the Financial Closing Date (as defined below in Section 16 (*Definitive Agreements*) of this Term Sheet).

10. Interest Rate; Late Charge Rate

The interest rate on each Advance may be a fixed rate or a floating rate as selected by the Borrower at the time of such Advance. The interest rate on each Advance (each such interest rate, an "*Advance Interest Rate*") will be a rate per annum equal to the sum of (x) the single equivalent rate of the Advance repayment stream determined from Treasury's "Constant Maturity Treasury" curve, taking into consideration the shortest maturity Treasury bill being then currently auctioned, up through the Constant Maturity Treasury rate corresponding to the period from the date of such Advance to the final maturity of the Guaranteed Loan, plus (y) a spread to be calculated prior to closing, to be determined in accordance with FFB policy guidelines.

The Borrower may select multiple interest rate calculation periods for each Advance in accordance with FFB policies and procedures, whereby the interest rate calculation method and

interest rate period may be reset periodically for any particular Advance; provided, that each Advance shall have only one Advance Interest Rate at any given time. The Borrower may request multiple Advances on the same Advance request date, each Advance with a separate interest rate calculation period. Any such interest rate resets shall not be considered amounts repaid and reborrowed for purposes of Section 3 (*FFB Credit Facility*) of this Term Sheet.

All overdue amounts on the Guaranteed Loan will accrue interest at a late charge rate (the "*Late Charge Rate*") equal to one and one-half times the rate to be determined by the Secretary of the Treasury taking into consideration the prevailing market yield on the remaining maturity of the most recently auctioned 13-week United States Treasury bills.

The initial Late Charge Rate shall be in effect until the earlier to occur of either (A) the date on which payment of the overdue amount and the amount of the accrued late charge is made, or (B) the first Interest Payment Date or Principal Payment Date to occur after the scheduled date of payment for such overdue amount. In the event that the overdue amount and the amount of the accrued late charge are not paid on or before such Interest Payment Date or Principal Payment Date, then the amount payable shall be the sum of the overdue amount and the amount of the accrued late charge, plus a late charge on such sum accruing at a new Late Charge Rate to be then determined in accordance with the preceding sentence. For so long as any overdue amount remains unpaid, the Late Charge Rate shall again be redetermined on each Interest Payment Date or Principal Payment Date, as the case may be, and shall be applied to the overdue amount and all amounts of the accrued late charge to the date on which payment of the overdue amount and all amounts of the accrued late charge is made.

11. Interest Payments

Interest will accrue from the first Advance and be payable in cash in arrears on each date interest is due under the FFB Promissory Note (each such payment date, an "*Interest Payment Date*").

Interest on each Advance shall be computed on the basis of (a) actual days elapsed from (but not including) the date on which the respective Advance is made (for the first Interest Payment Date for the respective Advance) or the last Interest Payment Date (for all other payments of interest due under the FFB Promissory Note for the respective Advance), to (and

including) the next Interest Payment Date, and (b) a year of 365 days.

12. DOE Fees

The Borrower has paid or will pay the following fees to DOE (collectively, the "*DOE Fees*"):

Application Fee: An application fee of \$800,000 (which DOE acknowledges that it has received in two payments, the first on July 21, 2008 in the amount of \$200,000 and the second on December 19, 2008 in the amount of \$600,000);

DOE Loan Facility Fee: A facility fee equal to 0.5% of the Guaranteed Loan Amount, 20% of which is payable upon the execution of this Term Sheet and 80% of which is payable not later than the Financial Closing Date.

DOE Maintenance Fee: A maintenance fee payable to DOE for DOE's administrative expenses in servicing and monitoring the Project and the Guaranteed Loan during the construction, startup, commissioning and operation of the Project in the amount of \$200,000 for the first year, subject to escalation each year as determined in the following sentence, until completion of the second refueling outage for the Project, at which time the maintenance fee shall be reset at \$100,000, subject to escalation each year as determined in the following sentence for each remaining year over the scheduled term of the Guaranteed Loan. The maintenance fee shall be payable each year in advance, commencing on the Financial Closing Date. Escalation of the maintenance fee shall be in an amount equal to the percentage determined by the sum of (i) the percentage (rounded to the nearest one-tenth of one percent) by which the ECI for the Base Quarter of the year before the preceding calendar year exceeds the ECI for the Base Quarter of the second year before the preceding calendar year (if at all), plus (ii) the amount of the comparability payment for federal government employees in the Washington Metropolitan Area (as defined by the United States Office of Management and Budget) recommended annually by the President's Pay Agent (if any). "*Base Quarter*" means the quarter ending September 30 in the given calendar year and "*ECP*" means the Employment Cost Index, as published by the Bureau of Labor Statistics for the relevant period.

DOE Modification Fee: A modification fee payable to DOE in the event that the Project experiences technical, financial, legal or other events which require DOE to incur time or expenses (including third-party expenses) beyond standard

monitoring of the Definitive Agreements, reimbursing DOE in full for such amounts as DOE reasonably determines are its additional internal administrative costs, and related expenses of its independent consultants and outside legal counsel, to the extent that such third parties are not paid directly by the Borrower.

13. Credit Subsidy

The credit subsidy cost for the DOE Guarantee is the "cost of a loan guarantee," as set forth in Section 502(5)(C) of the Federal Credit Reform Act of 1990 (the "*Credit Subsidy Cost*"). The final Credit Subsidy Cost amount shall be determined by DOE in its sole discretion, taking into consideration, among other things, the spread to Treasury as applied by FFB, subject to review and approval by the Office of Management and Budget prior to the Financial Closing Date.

Changes to the terms of the transaction requested by the Borrower that constitute "modifications" as set forth in Federal Credit Reform Act of 1990 and OMB Circular A-11 may result in an increase of the Credit Subsidy Cost that the Borrower may be required to pay. Except if explicitly authorized by an act of Congress, the Borrower shall not use any funds obtained from the United States government, or from a loan or other instrument guaranteed by the United States government, to pay for the Credit Subsidy Cost, administrative fees, or other fees charged by or paid to DOE pursuant to the Program Requirements.

14. Mandatory Prepayments

The Definitive Agreements shall provide that upon the occurrence of any Mandatory Prepayment Event (as defined below) and the failure by the Borrower to remedy such event within a period of 90 days after receipt of notice from DOE or FFB, DOE or FFB may (1) terminate the commitment to make any further Advances to the Borrower and (2) deliver a notice (a "*Mandatory Prepayment Notice*"), in which case, (i) for the events described in clauses (a), (b), (d) and (e) of this Section 14, the Borrower shall be required to repay all Advances under a level principal amortization schedule over a period of five years from the date of receipt of the Mandatory Prepayment Notice and (ii) for the event described in clause (c) of this Section 14, the Borrower shall be required to repay an amount equal to the amount of such proceeds not applied to Eligible Project Costs within 90 days from the date of receipt of the Mandatory Prepayment Notice.

Each of the following events shall be a "*Mandatory*

Prepayment Event:

- (a) cessation of construction or operation of the Project, abandonment of the Project, or failure of the Borrower to fund its share of operation and maintenance expenses attributable to its Undivided Interest in the Project, in each case, for a period of time to be set forth in the Definitive Agreements;
- (b) an event of total loss with respect to either Unit occurs and the Borrower fails to rebuild the applicable Unit, it being understood that if such event affects only one Unit, then the revised principal amortization schedule will only apply with respect to an amount equal to one-half of the Advances (less the amount of Advances allocable to shared facilities);
- (c) failure by the Borrower to use the proceeds of the Guaranteed Loan for Eligible Project Costs;
- (d) the merger of the Borrower, or the sale of (x) all or substantially all of the Borrower, (y) all or substantially all of the Borrower's assets, or (z) all or a material portion of the Project, in any case, without DOE's prior consent; provided that (i) with respect to clause (x) above at all times, and (ii) with respect to clauses (y) and (z) above after the Project commences commercial operations, DOE's consent shall be deemed to have been granted if the NRC gives its prior written consent to such transaction; and
- (e) either (i) issuance by the Georgia Public Service Commission (the "*Georgia PSC*") of an order directing GPC to cancel the Project, or authorizing GPC to cancel the Project and GPC electing to cancel the Project or (ii) the Georgia PSC does not permit GPC to recover any amount of its Project Costs through electricity rates regulated by the Georgia PSC, and in either case, the Borrower either fails to fund the Overrun Funding Commitment or notifies DOE that it will no longer fund the Overrun Funding Commitment.

Mandatory prepayments may include a premium or a discount in accordance with FFB requirement, it being understood that DOE's right to exercise, or exercise of, such remedy does not in any way limit any other rights or remedies DOE may have as set forth in Section 23 (*DOE Control; Remedies*) of this

Term Sheet or under applicable law.

15. **Voluntary Prepayments** The Borrower may prepay all of the principal amount of any Advance of the Guaranteed Loan upon prior written notice to FFB, DOE and the Loan Servicer and subject to the following conditions: (i) minimum amount requirements, and (ii) payment of (x) all accrued and unpaid interest on such principal amount, and (y) any fees and expenses then payable, including any prepayment premiums, discounts, or other amounts as may be required under the Definitive Agreements.

16. **Definitive Agreements** Upon execution of this Term Sheet by DOE and the Borrower, the parties agree to work to negotiate and execute mutually acceptable Definitive Agreements for the Guaranteed Loan and DOE Guarantee. The Definitive Agreements shall set forth the final terms for the Guaranteed Loan and the DOE Guarantee. The Definitive Agreements shall include without limitation (i) a Common Terms Agreement, a Loan Guarantee Agreement, an FFB Note Purchase Agreement, an FFB Promissory Note a DOE Reimbursement Note and a Consent and Acknowledgment from the other Owners (which Consent and Acknowledgment shall consist of a consent to and acknowledgment of DOE's authority upon notice to such Owners of an Event of Default under the Definitive Documents, to exercise the Borrower's voting and consent rights under the Project Documents), and (ii) other definitive agreements reasonably required by the DOE or FFB as a result of matters specifically identified in their due diligence investigation. The FFB Promissory Note and the DOE Reimbursement Note will be issued under and pursuant to the Borrower's Indenture dated as of March 1, 1997, with U.S. Bank National Association, as trustee (the "*Indenture Trustee*"), as amended and supplemented (the "*Mortgage Indenture*"), such that the obligations of the Borrower under the FFB Promissory Note and the DOE Reimbursement Note will be secured by the Trust Estate (as defined in the Mortgage Indenture) on a pari passu basis with all other indebtedness then or thereafter secured under the Mortgage Indenture.

The execution of the Loan Guarantee Agreement and the FFB Promissory Note and the issuance of the DOE Guarantee and the DOE Reimbursement Note (the date of such execution and issuance, the "*Financial Closing Date*") will be subject to all of the conditions to the funding of the initial Advance set forth in Section 17 (*Conditions Precedent to Initial Advance*) of this Term Sheet.

17. Conditions Precedent to Initial Advance

The funding of the initial Advance will be subject to the satisfaction of the following conditions, each of which must be to the satisfaction of DOE or FFB, as applicable:

With respect to the Borrower:

- (a) DOE shall have completed its due diligence review with respect to the Borrower, and all matters related thereto;
- (b) execution of the Definitive Agreements;
- (c) all representations and warranties shall be true and correct in all material respects;
- (d) delivery of all necessary consents and waivers from the Borrower's current creditors and to the extent applicable, credit enhancers of the Mortgage Indenture obligations and the Rural Utilities Services (such service or any agency or other governmental body succeeding to the functions thereof, "RUS");
- (e) delivery of organizational documents for the Borrower;
- (f) delivery of secretary's certificates, resolutions and good standing certificates for the Borrower;
- (g) delivery of legal opinions, bring down certificates, reliance letters and similar documents as DOE or FFB may request;
- (h) delivery of (i) audited financial statements of the Borrower for the then most recently completed fiscal year of the Borrower; (ii) unaudited financial statements of the Borrower for the then most recently completed fiscal quarter of the Borrower; and (iii) a certificate of an officer of the Borrower that no event of default or event or circumstance that with the passage of time or giving of notice, or both, would constitute an event of default under the Definitive Agreements exists;
- (i) not later than 30 days prior to the Financial Closing Date, delivery of an updated credit rating from a nationally recognized rating agency reflecting the Conditional Commitment without the DOE Guarantee;

- (j) no event or condition shall have occurred since the date of the most recent financial statements provided to DOE prior to the Financial Closing Date (the "*Closing Date Financial Statements*") that has had or could reasonably be expected to have a material adverse effect on the business, properties, or financial condition of the Borrower;
- (k) payment in full of the Credit Subsidy Cost in accordance with Program Requirements;
- (l) payment of all DOE Fees due as of the Financial Closing Date; and
- (m) all conditions precedent under the Mortgage Indenture for (i) the FFB Promissory Note to constitute an "Additional Obligation" under the Mortgage Indenture, (ii) the DOE Reimbursement Note to constitute a "Credit Obligation" under the Mortgage Indenture, and (iii) all Project assets attributable to the Borrower's Undivided Interest, including without limitation, all intellectual property and such other Project assets attributable to the Borrower's Undivided Interest as DOE may require, to constitute part of the Trust Estate (including the entering into or obtainment of any amendments or consents as may be required under the Mortgage Indenture), in each case, shall have been satisfied in accordance with the Mortgage Indenture.

With respect to the Project:

- (a) DOE shall have completed its due diligence review of the Project and all matters related thereto, including that no material issues exist with respect to the Project or the Operator under the laws of the United States or any subdivision thereof;
- (b) delivery of organizational documents for the Operator;
- (c) all representations and warranties shall be true and correct;
- (d) the Director of the Office of Management and Budget has certified in advance in writing that the DOE Guarantee and the Project comply with the provisions of the Omnibus Appropriations Act, 2009, P.L. No. 111-8, Division C, Title III, as amended by Section 408 of the Supplemental Appropriations Act, 2009,

P.L. No. 111-32;

- (e) acquisition of all real estate rights and other property interests required for the development of the Project;
- (f) evidence that the Owners have available all the patents and technology necessary to complete and operate the Project;
- (g) delivery of environmental site assessments and associated reliance letters and satisfaction of any additional environmental requirements in accordance with DOE policy set forth in the Definitive Agreements;
- (h) the Operator shall have received the COL and the relevant parties shall have received all environmental, regulatory and other permits and approvals then required for the current stage of development of the Project, including the final environmental impact statement, the final safety evaluation report and the publication of a record of decision by DOE;
- (i) delivery of a report and associated closing certificate from the DOE's Engineer;
- (j) execution of the "*Project Documents*," which shall include (1) that certain Plant Vogtle Owners Agreement Authorizing Development, Construction, Licensing and Operation of Additional Generating Units dated as of May 13, 2005, as amended (the "*Agency Agreement*"), among the Owners, (2) that certain Plant Alvin W. Vogtle Nuclear Units Amended and Restated Operating Agreement dated as of April 21, 2006, as amended (the "*Operating Agreement*"), among the Owners, (3) that certain Plant Alvin W. Vogtle Additional Units Ownership Participation Agreement dated as of April 21, 2006, as amended (the "*Development Agreement*"), among the Owners, (4) that certain Second Amended and Restated Nuclear Managing Board Agreement dated as of April 21, 2006 (the "*Nuclear Managing Board Agreement*"), among the Owners, (5) the ownership agreement and operating agreement with the Operator with respect to the Project, (6) the Engineering, Procurement and Construction Agreement between GPC, acting for itself and as agent for the other Owners, and a

consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc. (the "*EPC Agreement*"), (7) all agreements for the use, operation or maintenance of the common facilities, including any software licensing agreements, and (8) any other material project agreements identified in DOE's due diligence investigation of the Project (the *Definitive Agreements*, together with the *Project Documents*, collectively, the "*Transaction Documents*");

- (k) receipt of the Advance Schedule, the Financial Plan, the Base Case Projections, the Construction Plan, and the Construction Budget;
- (l) not less than 30 days prior to the Financial Closing Date, updated financing information if the terms and conditions of the financing arrangements changed between the date of execution of this Term Sheet and the Financial Closing Date, and the Parties shall amend the *Definitive Agreements* to reflect the revised terms and conditions in the event such revisions occur;
- (m) delivery of a certification from the Borrower, certificates from insurers, and such other evidence as DOE may request (i) that the Borrower has in effect insurance coverage for the Project that is available on commercially reasonable terms, conditions and price and is in accordance with normal nuclear industry practices, and (ii) that the applicable insurance policies are in full force and effect without default;
- (n) evidence of the filing of all documents and taking of all actions required to ensure perfection of all requisite security interests in the Trust Estate;
- (o) evidence that notice to proceed has been issued under the *EPC Agreement*; and
- (p) receipt by DOE of satisfactory evidence that the Borrower has complied with all Davis Bacon Requirements (as defined below in Section 20(e) (*Affirmative Covenants*) of this Term Sheet).

18. Conditions Precedent to Each Advance

Each Advance of the Guaranteed Loan and DOE Guarantee, including the initial Advance, will be subject to the satisfaction of the following conditions, each of which must be to the satisfaction of DOE or FFB, as applicable:

With respect to the Borrower:

- (a) all representations and warranties shall be true and correct, and no default shall have occurred and be continuing; provided, however, that if the relevant default is one of the defaults referenced in the proviso at the end of Section 22 (*Events of Default*) of this Term Sheet, and subsection (i) or (ii) of such proviso shall apply to such default, such default shall be deemed not to be continuing for purposes of this Section 18(a);
- (b) the Borrower is in compliance with the Definitive Agreements;
- (c) receipt of an Advance request from the Borrower;
- (d) payment of all DOE Fees and other fees and expenses payable to DOE, its counsel and its advisors that are then due;
- (e) receipt of officer's certificate of the Borrower with respect to the satisfaction of all of the conditions precedent identified in this Section 18 (*Conditions Precedent to Each Advance*) of this Term Sheet;
- (f) immediately following the Advance, the aggregate amount of Base Funding applied to Eligible Project Costs shall equal or exceed 30% of total Eligible Project Costs funded with Advances;
- (g) receipt of written certification from the Borrower that (i) the Borrower has complied with the reporting requirements of the Program Requirements and (ii) the Borrower has taken all actions and delivered all documents and certificates (including to the Indenture Trustee) such that immediately following such Advance, the obligations of the Borrower with respect to such Advance and all prior Advances under the FFB Promissory Note are secured under the Mortgage Indenture; and

With respect to the Project:

- (a) all representations and warranties shall be true and correct, and no default shall have occurred and be continuing; provided, however, that if the relevant default is one of the defaults referenced in the proviso

at the end of Section 22 (*Events of Default*) of this Term Sheet, and subsection (i) or (ii) of such proviso shall apply to such default, such default shall be deemed not to be continuing for purposes of this Section 18(a);

- (b) evidence that the Advances to be made will pay for Eligible Project Costs that have been incurred, together with sufficient description thereof, as certified by DOE's Engineer;
- (c) certification by the Borrower that the proceeds of all prior Advances have been applied for Eligible Project Costs;
- (d) copies of all governmental approvals, permits or consents not previously delivered, as time to time required for the construction or operation of the Project or as otherwise required under the Transaction Documents; and
- (e) receipt by DOE of satisfactory evidence that the Borrower has complied with all Davis Bacon Requirements.

19. Representations and Warranties

The Definitive Agreements (but not the FFB Promissory Note) will contain representations and warranties (with customary qualifications and exceptions, including materiality) with respect to the following matters:

With respect to the Borrower:

- (a) due organization and valid existence;
- (b) good standing;
- (c) corporate power and authority;
- (d) accuracy of disclosures in reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("*Exchange Act*") or with DOE if the Borrower is not an Exchange Act filer;
- (e) as of the Financial Closing Date, capitalization, ownership and organization;

- (f) solvency;
- (g) legality, validity and enforceability of the Transaction Documents, subject to general enforceability exceptions;
- (h) no conflicts with charter, bylaws, contracts and applicable laws;
- (i) no litigation;
- (j) indebtedness as of the Financial Closing Date;
- (k) no judgments or orders against the Borrower that could reasonably be expected to have a material adverse effect on the Borrower's financial condition;
- (l) compliance in all respects with Title XVII and the Regulations;
- (m) compliance in all material respects with (i) all other requirements of law and (ii) all other Program Requirements (other than subsection (i) of the definition of "Program Requirements") (it being understood that the Borrower shall be deemed in compliance with the foregoing for this purpose if (x) with respect to any assertion by any governmental agency of non-compliance, the Borrower is contesting in good faith by appropriate legal proceedings such assertion that the Borrower is not in compliance, and (y) with respect to any violation being cured pursuant to a Remediation Plan (as defined in Section 22 (*Events of Default*) of this Term Sheet), the Borrower is diligently working to cure such non-compliance according to such Remediation Plan);
- (n) disclosure and projections;
- (o) title to Trust Estate;
- (p) no lien against the Trust Estate (other than the Borrower's Undivided Interest in the Project) exists which ranks prior to, or pari passu with, the lien securing the Guaranteed Loans, except Permitted Exceptions (as defined in the Mortgage Indenture) and other liens permitted by the Mortgage Indenture;

- (q) taxes;
- (r) creditor and, if applicable, credit enhancers of the Mortgage Indenture and RUS consents and government permits and approvals;
- (s) perfection and priority of security interests with respect to the Trust Estate, including that the PFB Promissory Note and the DOE Reimbursement Note are secured under the Mortgage Indenture;
- (t) the financial statements included in the Borrower's most recent Exchange Act filings (or most recently submitted to DOE if the Borrower is not an Exchange Act filer) present fairly, in all material respects, the financial position, results of operations and cash flows of the Borrower as of and from the dates indicated, and such financial statements have been prepared in conformity with U.S. GAAP;
- (u) Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), matters;
- (v) no default under the Definitive Agreements has occurred and is continuing;
- (w) no corrupt or prohibited practices by the Borrower;
- (x) no event having a material adverse effect on the business, properties, or financial condition of the Borrower since the Closing Date Financial Statements;
- (y) not required to register as an investment company under the Investment Company Act of 1940, as amended;
- (z) based on conditions existing as of the date of such representation, the Borrower reasonably expects that total funding available to the Borrower will be sufficient to fund (i) the OPC Base Project Costs and (ii) the OPC Overrun Project Costs that are reasonably expected to be incurred;
- (aa) no violation of Foreign Asset Control Regulations;
- (bb) the Guaranteed Loan will not finance, directly or indirectly, tax-exempt debt obligations;

- (cc) environmental matters;
- (dd) insurance; and
- (ee) possession of franchises, certificates, licenses, permits and other authorizations necessary for operation.

With respect to the Project:

- (a) no litigation;
- (b) no judgments or orders relating to the Project that could reasonably be expected to have a material adverse effect on the Project;
- (c) compliance in all respects with Title XVII and the Regulations;
- (d) compliance in all material respects with (i) all other requirements of law and (ii) all other Program Requirements (other than subsection (i) of the definition of "Program Requirements") (it being understood that the Borrower shall be deemed in compliance with the foregoing for this purpose if (x) with respect to any assertion by any governmental agency of non-compliance, the Borrower, GPC or the Operator is contesting in good faith by appropriate legal proceedings such assertion that the Borrower, GPC or the Operator is not in compliance, and (y) with respect to any violation being cured pursuant to a Remediation Plan (as defined in Section 22 (*Events of Default*) of this Term Sheet), the Borrower, GPC or the Operator is diligently working to cure such non-compliance according to such Remediation Plan);
- (e) no funds, personnel or property (tangible or intangible) of any federal agency, instrumentality, personnel or affiliated entity are expected to be used (directly or indirectly) through acquisitions, contracts, demonstrations, exchanges, grants, incentives, leases, procurements, sales, other transaction authority, or other arrangements, to support the Project or to obtain goods or services from the Project, except to the extent that the Project benefits from any exemption set forth in Omnibus Appropriations Act, 2009, P.L. No. 111-8, Division C, Title III, as amended by Section 408 of the Supplemental Appropriations Act, 2009, P.L. No. 111-

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- (f) no lien against the Borrower's Undivided Interest in the Project exists which (i) ranks senior to, or pari passu with, the lien securing the Guaranteed Loans, except Permitted Exceptions (as defined in the Mortgage Indenture) and other liens permitted by the Mortgage Indenture, or (ii) ranks junior to the lien securing the Guaranteed Loans, except Permitted Exceptions (as defined in the Mortgage Indenture) and "silent" second liens which are the subject of an intercreditor agreement in form and substance satisfactory to DOE;
- (g) availability and adequacy of all patents and technology necessary to complete and operate the Project;
- (h) environmental and safety matters;
- (i) Project Documents;
- (j) the Borrower has delivered to DOE a current and complete copy of the construction plan and budget;
- (k) disclosure of all government permits and approvals then obtained;
- (l) legality, validity and enforceability against the Borrower of the Transaction Documents; and
- (m) compliance with all Davis Bacon Requirements.

20. Affirmative Covenants

The Definitive Agreements shall contain the following affirmative covenants (with customary qualifications and exceptions, including materiality):

With respect to the Borrower:

- (a) use of proceeds;
- (b) maintenance of corporate existence, rights, franchises and authority;
- (c) maintenance of first priority lien in respect of the Trust Estate;
- (d) performance of Transaction Documents to which it is a

party and material agreements to which it is a party;

- (e) provision of financial statements and other information as provided in Section 26 (*Reporting Requirements*) of this Term Sheet;
- (f) provision of default notices and notices of other material events and information, including material events involving any wholesale power contract;
- (g) maintenance of required insurance;
- (h) payment of taxes, fees, etc.;
- (i) maintenance of nationally recognized independent auditors or other independent auditors acceptable to DOE;
- (j) maintenance of books and records and inspection thereof, including such records as are necessary to facilitate an effective and accurate audit;
- (k) maintenance of properties and title thereto;
- (l) establishment and collection of rates, rents, charges, fees and other compensation for the use or sale of output, capacity or service that, together with other moneys available to the Borrower, (i) produce moneys sufficient to comply with its obligations in respect of the Guaranteed Loan and (ii) subject to regulatory approval (including the approval of RUS, if required), yield "margins for interest" for each fiscal year equal to at least 1.10 times interest charges for such period;
- (m) maintenance of audit provisions complying with 10 C.F.R. § 609.10(f); and
- (n) compliance with lobbying requirements under 31 U.S.C. § 1352.

With respect to the Project:

- (a) provision to DOE of construction budgets, monthly construction progress reports for the Project, periodic operating budgets and progress reports for the Project and disclosure of cost overruns;

- (b) construction of the Project substantially in accordance with the Project Plans as directed or permitted by the NRC;
- (c) provision to DOE and its representatives and advisors, including DOE's Engineer, of access to the Project site and ancillary facilities at all reasonable times in order to monitor the performance of the Project, subject to the rules and regulations of the NRC and to the direction of senior plant management;
- (d) maintenance of all patents and technology necessary to complete and operate the Project;
- (e) compliance with the requirement that all laborers and mechanics employed by contractors and subcontractors in the performance of construction work related to the Project shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis Bacon Act, and all regulations related thereto, including but not limited to those set forth in 29 C.F.R. § 5.5(a)(1) to (10), and all notice, reporting and other obligations related thereto as required by DOE (collectively, the "*Davis Bacon Requirements*");
- (f) at the request of DOE, exercise its right to conduct management audits of GPC's performance as agent for the Owners in respect of the Project, pursuant to the terms of the Project operating agreement; and
- (g) the Borrower will maintain insurance coverage for the Project that is in accordance with normal nuclear industry practices, provided that such insurance coverage is available on commercially reasonable terms, conditions and price.

21. Negative Covenants

The Definitive Agreements shall contain the following negative covenants (with customary qualifications and exceptions, including materiality, it also being understood that DOE will consider conforming the notice and approval process with respect to the subject matter of certain negative covenants with the notice and approval process contained in Section 9.1 of the RUS Loan Agreement):

With respect to the Borrower:

- (a) no transactions with affiliates that are not conducted on either (i) an arm's length basis or (ii) at cost;
- (b) no merger, consolidation, dissolution, transfer or lease of more than an agreed percentage of the Borrower's assets or other similar actions;
- (c) restriction on distributions to the members of the Borrower (the "Members") as set forth in the Mortgage Indenture;
- (d) limitation on certain cash investments as set forth in the Mortgage Indenture;
- (e) no alteration of character of business from that of an electric utility company; and
- (f) limitation on the following: (i) amendments to wholesale power contracts; and (ii) release and termination of payment obligations of Members under wholesale power contracts, in each case, substantially similar to the limitations contained in Section 6.4 of that certain Fifth Amended and Restated Loan Contract dated as of December 22, 2009 (the "RUS Loan Agreement") between the Borrower and the United States of America, acting by and through the Administrator of RUS.

With respect to the Project:

- (a) the Borrower shall not (i) incur or permit to exist any lien with respect to the Trust Estate which ranks prior to, or pari passu with, the lien securing the Guaranteed Loans, except Permitted Exceptions (as defined in the Mortgage Indenture) and other liens permitted by the Mortgage Indenture, and (ii) incur or permit to exist any lien with respect to the Borrower's Undivided Interest in the Project which ranks junior to the lien securing the Guaranteed Loans, except Permitted Exceptions (as defined in the Mortgage Indenture) and "silent" second liens which are the subject of an intercreditor agreement in form and substance satisfactory to DOE;
- (b) no material modifications of the Project Plans, except as approved by the NRC and any other regulatory authority the approval of which is required by law;

- (c) no transfer of the Project's assets in any material respect; provided that after the Project commences commercial operations, DOE's consent shall be deemed to have been granted if the NRC gives its prior written consent to such transaction; and
- (d) the Borrower shall not vote to replace or remove the Operator or GPC as agent for the Owners, in any case, without the prior written consent of DOE, which consent shall not be unreasonably withheld.

22. Events of Default

The Definitive Agreements shall contain the following events of default (with customary qualifications, exceptions and grace periods, including materiality):

With respect to the Borrower:

- (a) failure to make payments when due;
- (b) default under any other indebtedness of the Borrower in excess of an amount to be agreed (other than the Guaranteed Loan);
- (c) failure by the Borrower to comply with the provisions of Title XVII and the continuance of such failure for a period of 30 days; provided, however, that the failure to comply with Section 1702(k) of Title XVII shall be an event of default only if such failure continues for a period of 90 days;
- (d) failure by the Borrower to comply with the provisions of the Regulations, unless such breach is capable of being cured, in which case failure to cure such breach within a period of 90 days, so long as the Borrower is diligently pursuing such cure;
- (e) failure by the Borrower to comply in all material respects with (i) all other requirements of law and (ii) all other Program Requirements (other than subsection (i) of the definition of "Program Requirements"), and the continuance of any such failure for a period of 90 days;
- (f) breach of representations and warranties under any Definitive Agreement;
- (g) breach of covenants under any Definitive Agreement;

- (h) failure to fund when required or other default with respect to the Base Funding Commitment or the Overrun Funding Commitment;
- (i) bankruptcy, insolvency and dissolution of the Borrower;
- (j) judgments in excess of \$10 million against the Borrower;
- (k) certain ERISA events;
- (l) impairment of security interests in the Trust Estate;
- (m) invalidity or unenforceability of the Definitive Agreements, other than the DOE Guarantee;
- (n) any change in ownership (other than immaterial changes in ownership that do not require NRC approval) or any change in control of the Borrower not approved by the NRC; and
- (o) an Event of Default under the Mortgage Indenture has occurred and is continuing.

With respect to the Project:

- (a) failure by the Borrower to use the proceeds of the Guaranteed Loan for Eligible Project Costs;
- (b) failure by the Operator (with respect to the Project) or the Project to comply with the provisions of Title XVII; provided, however, that the failure to comply with Section 1702(k) of Title XVII shall be an event of default only if such failure continues for a period of 90 days;
- (c) failure by the Operator (with respect to the Project) or the Project to comply with the provisions of the Regulations, unless such breach is capable of being cured, in which case failure to cure such breach within a period of 90 days, so long as the Operator or the Borrower is diligently pursuing such cure;
- (d) failure by the Operator (with respect to the Project) or the Project to comply in all material respects with (i) all other requirements of law and (ii) all other Program Requirements (other than subsection (i) of the

definition of "Program Requirements"), and the continuance of any such failure for a period of 90 days;

- (e) failure by the Borrower, the Operator or the Project to comply in all material respects with environmental and safety matters with respect to the Project, including without limitation with respect to compliance with the Natural Environmental Policy Act of 1969 (NEPA) and all other Environmental Laws applicable to the Project and the continuance of any such breach for a period of 90 days;
- (f) transfer of the Trust Estate and/or any portion of the assets comprising the Project without DOE's consent;
- (g) abandonment of the Project; and
- (h) failure by the Borrower to comply with debarment regulations.

provided, that for the Borrower event of default in subsection (e) and the Project events of default in subsections (d) and (e), the following shall apply: (i) the Borrower shall not be in default at any time it or the Operator is contesting in good faith by appropriate legal proceedings any assertion by any governmental agency that the Borrower or the Operator is not in compliance with the matters identified in such subsections, and (ii) in the case that the default cannot reasonably be cured within a 90-day period, the Borrower will not be in default if the Borrower or the Operator is diligently working to cure such default according to an applicable Remediation Plan. For purposes of this Term Sheet a "*Remediation Plan*" means a plan of correction with a timetable for curing such default that has been approved by a court of competent jurisdiction, or the lead regulatory authority with enforcement responsibility with respect to such matter, or DOE, as the case may be.

23. **DOE Control; Remedies** Assignment of Rights: As of the Financial Closing Date, DOE shall be considered to, and shall, have the rights, powers, privileges and remedies under the Definitive Agreements of FFB. The Borrower agrees to take post-closing direction solely from DOE.

Subrogation: On and as of any business day that the Borrower defaults under the Definitive Agreements, DOE shall have, by way of subrogation or agreement or otherwise, all of the rights, powers, privileges and remedies of FFB, including,

without limitation, with respect to any fees, costs, expenses and other amounts (such amounts, collectively, the "*Additional Amounts*"); provided, however, if acceleration of such guaranteed obligation has occurred under the Mortgage Indenture, then such subrogation and assignment shall include the entire guaranteed amount of the guaranteed obligations, plus the Additional Amounts, notwithstanding that the Secretary shall be obligated to make payment hereunder only in installments on each subsequent Principal Payment Date and only as to the guaranteed amounts. DOE's subrogation rights shall be in addition to the rights assigned to it by FFB, and shall not be the exclusive source of rights, powers, privileges and remedies against the Borrower.

Remedies: Upon the occurrence and continuation of an Event of Default which also constitutes an event of default under the Mortgage Indenture, DOE (and not FFB) will have the right, among others, without consultation, to do any or all of the following, without limitation: (a) suspend or terminate further Advances, including any undrawn commitments and (b) subject to the terms of the Mortgage Indenture, (i) deliver a notice of default under the Guaranteed Loan and/or vote to accelerate (or cause the Indenture Trustee to accelerate) the maturity of the Guaranteed Loan, (ii) vote to cause the Indenture Trustee to take those actions necessary to perfect and maintain any or all of the security interests granted by the Borrower, (iii) set off and apply amounts to the satisfaction of the Guaranteed Obligations under all of the Definitive Agreements, (iv) cure defaults, (v) protect and enforce (or cause the Indenture Trustee to protect and enforce) its rights and remedies by appropriate proceedings, including the filing of proofs of claim in any bankruptcy, insolvency, or other judicial proceeding, (vi) exercise (or cause the Indenture Trustee to exercise) any and all rights and remedies available to it under any of the Transaction Documents, and (vii) in accordance with Section 609.10(e)(4) of the Regulations, take such other actions (or cause the Indenture Trustee to take such other actions) as DOE may reasonably require to provide for the care, preservation, protection, and maintenance of all collateral so as to enable the United States to achieve maximum recovery upon default by the Borrower on the Guaranteed Loan. Upon the occurrence and continuation of an Event of Default under any Guaranteed Loan Document (which does not also constitute an event of default under the Mortgage Indenture), DOE (and not FFB) will have the right, among others, without consultation, to do any or all of the following, without limitation: (a) suspend or terminate further

Advances, including any undrawn commitments, and (b) exercise any and all rights and remedies (other than acceleration) available to it under the Guaranteed Loan Documents (other than Mortgage Indenture), it being understood that DOE will not be entitled to pursue rights or remedies in respect of the Trust Estate. In addition, upon the bankruptcy or insolvency of the Borrower, the DOE shall have the right to terminate its commitment to make Advances.

24. Collateral

The Borrower's obligations under the FFB Promissory Note and the DOE Reimbursement Note will be secured by a first-priority perfected security title, lien and security interest in all existing and after-acquired property and assets constituting the Trust Estate, including without limitation, the Borrower's Undivided Interest in the Project and all other Project assets attributable to the Borrower's Undivided Interest, including without limitation, intellectual property.

The Guaranteed Loan will not be subordinate to any loan or other debt obligation.

25. Expenses

The Borrower will bear all of the following amounts from time to time due under or in connection with the Definitive Agreements: (i) all recordation and other costs, fees and charges in connection with the execution, delivery, filing, registration, or performance of the Transaction Documents or the perfection of the security interests in the Trust Estate, (ii) all fees, charges, and expenses of any independent consultants, legal counsel, accountants, and other advisors to DOE and (iii) all other fees, charges, expenses and other amounts from time to time due under or in connection with the Definitive Agreements.

26. Reporting Requirements

The Borrower shall provide FFB, DOE and the Loan Servicer with the following reports:

- (a) monthly construction reports consistent with the Borrower's requirement of GPC (as the Borrower's agent) to provide such reports to (i) the other Owners pursuant to the Project ownership agreements, (ii) the Georgia Public Service Commission and (iii) the NRC;
- (b) quarterly financial statements and reports of the Borrower within 50 days after the end of each fiscal quarter, with such financial statements to be prepared in accordance with U.S. GAAP, subject to changes

resulting from audit and normal year-end adjustments;

- (c) annual financial statements and reports on or prior to 105 days after end of each fiscal year, with such financial statements to be prepared in accordance with U.S. GAAP (except for changes with which the independent auditor shall concur); and
- (d) other necessary financial information of the Borrower as reasonably requested by DOE, FFB or the Loan Servicer.

27. Reimbursement Agreement

If the Borrower defaults in any payment due to FFB under the Guaranteed Loan or under any other Definitive Agreement, and as a result of such payment default by the Borrower, DOE becomes obligated to make any payments to FFB pursuant to the DOE Guarantee, the Borrower shall become immediately obligated to reimburse DOE in an amount equal to the sum of (i) all DOE Guarantee payments paid by DOE to FFB, (ii) all costs or expenses incurred by DOE in connection therewith, whether by payment to FFB or otherwise, and (iii) interest on the DOE Guarantee payments from the date such payment was made or incurred by DOE under the DOE Guarantee until payment in full thereof by the Borrower to DOE, at the applicable rate of interest provided in the Definitive Agreements. Such Borrower Reimbursement Obligations are absolute, irrevocable and unconditional and will be evidenced by the DOE Reimbursement Note.

**28. Waiver of Jury Trial;
Consent to Jurisdiction;
Governing Law**

Each Party waives any rights it may have to a trial by jury in respect of any litigation arising out of the Definitive Agreements. The Borrower (a) submits to the non-exclusive general jurisdiction of (i) the courts of the United States of America located in the District of Columbia, (ii) any other federal court of competent jurisdiction in any other jurisdiction where it or any of its property may be found, and (iii) appellate courts from any of the foregoing, and (b) waives any right to claim inconvenience of the forum.

The choice of law provision in the Definitive Agreements and any other Transaction Document to which DOE is a party (other than (i) documents to which FFB is a party, as to which the governing law shall be in the form required by FFB, and (ii) the Mortgage Indenture, as to which the governing law shall be the law of the State of Georgia) shall be as follows:

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE FEDERAL LAW OF THE UNITED STATES OF AMERICA. TO THE EXTENT THAT FEDERAL LAW DOES NOT SPECIFY THE APPROPRIATE RULE OF DECISION FOR A PARTICULAR MATTER AT ISSUE, IT IS THE INTENTION AND AGREEMENT OF THE PARTIES HERETO THAT THE LAW OF THE STATE OF NEW YORK SHALL BE ADOPTED AS THE GOVERNING FEDERAL RULE OF DECISION.

29. **Freedom of Information Act (FOIA)** The parties acknowledge and agree that all correspondence, books, documents, papers and records relating to the structuring, negotiation and execution of this Term Sheet, the Definitive Agreements, and all supporting documentation, financial statements, audit reports of independent accounting firms, permits and regulatory approvals furnished or otherwise made available to DOE, will be handled in accordance with all applicable federal laws, rules, or regulations, including but not limited to the Trade Secrets Act, 18 U.S.C. §1905, and the Freedom of Information Act (FOIA), 5 U.S.C. §552, and DOE's implementing regulations at 10 C.F.R. §1004.

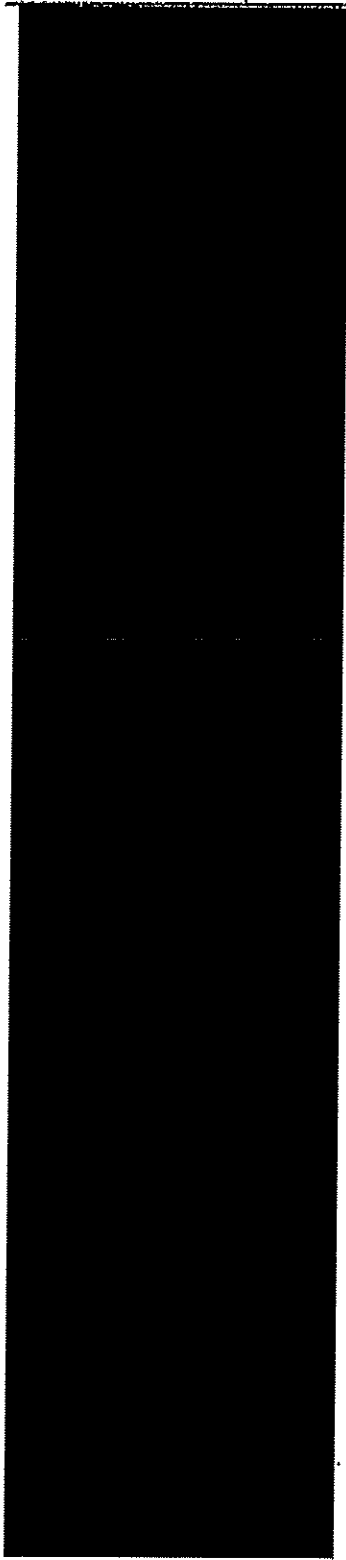
The closing of any financial transaction relating to the Guaranteed Loan is subject to Definitive Agreements acceptable to the Borrower, DOE and FFB.

Schedule II – OPC Eligible Base Project Costs

In Thousands	
Utility:	
EWSP Balance (For 2008 and Previous)	
CapEx	
NOBIF Fuel	
Training	
Permit	
DOE (LWE Orders) DOE Interest	
Deferred DOE Interest	
Total Utility	
Revenue:	
Other Funding, Net	
Taxable Permit Fee Funding	
DOE Permit Fee Funding	
Total Revenue	
Cumulative Util	
Cumulative Balance – DOE Interest	
Cumulative Balance – Non-DOE Funded	
Funding Gap	
Funding Categories (Cumulative)	
DOE Funding (DOE Orders) DOE Interest	
Other Funding	
Total	
Total Comparison (Cumulative)	
DOE Funding + Deferred DOE Interest	
Project Costs	
%	

Schedule III – Continued

Date Principal Due

A large black rectangular redaction box covers the entire table content, obscuring all data points under the 'Date' and 'Principal Due' headers.

Schedule III -- Repayment Schedule

Date Principal Due

