**DRAFT Post-Auction Letter of Credit**

**APPENDIX \_\_\_\_[C/B]**

**TO \_\_\_\_\_\_\_\_[BGS-RSCP/BGS-CIEP] SUPPLIER MASTER AGREEMENT**,

DATED \_\_\_\_\_\_\_\_\_,

BY AND BETWEEN \_\_\_\_\_\_\_ [ACE/JCP&L/PSE&G/RECO]

AND THE \_\_\_\_\_\_\_[BGS-RSCP/BGS-CIEP] SUPPLIERS

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Date)

Letter of Credit No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

[One of the following: Atlantic City Electric Company or Jersey Central Power & Light Company or Public Service Electric and Gas Company or Rockland Electric Company ]

(“Beneficiary”)

Attention:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_[name, title, address]

1. We hereby establish in your favor this irrevocable transferable Letter of Credit (this “Letter of Credit”) for the account of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(the “Applicant”), in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, effective immediately and available to you at sight upon demand at our counters at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Location). This Letter of Credit shall expire 364 days from date of issuance, unless terminated earlier or otherwise extended in accordance with the provisions hereof. It is a condition of this Letter of Credit that it shall be deemed automatically extended, without amendment, for additional period(s) of 364 days from the expiry date hereof, or any future expiration date unless at least ninety (90) days before its current expiration date, we send notice to you in writing by registered mail or overnight courier at the address above, ATTN.: [Title] and to the Applicant, that we do not intend to extend this Letter of Credit.
2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn upon an Event of Default under the BGS-RSCP Supplier Master Agreement(s) between the Applicant and you, dated \_\_\_\_\_\_\_\_\_\_\_ and the BGS-CIEP Supplier Master Agreement(s) between the Applicant and you, dated \_\_\_\_\_\_\_\_\_\_\_.

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, NY time[[1]](#footnote-2)) on such Business Day to (Bank), (address), (i) a notice executed by you in the form of Annex 1 hereto, appropriately completed and duly signed by your Authorized Officer and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by your Authorized Officer. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

1. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing, if delivery of this requisite document is made prior to 11:00 AM (New York, NY time) on a Business Day pursuant to Paragraph 3 herein above, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made on or after 11:00 AM (New York, NY time) on any Business Day pursuant to Paragraph 3 herein above.
2. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons that the demand for payment was not effected in accordance with such terms and conditions, and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.
3. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, or (iii) the above-stated expiration date hereof.
4. As used herein:

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fedwire system.

1. This Letter of Credit is transferable one or more times, but in each instance only to a single transferee for the full amount available to be drawn under the Letter of Credit at the time of such transfer. Such transfer shall be effected by us upon your submission of this Letter of Credit including all amendments, if any, accompanied by the Letter of Full Transfer substantially in the form of Annex 4. This Letter of Credit may not be transferred to any person with which the United States are prohibited from doing business under the United States Foreign Assets Control Regulations or other applicable United States laws and regulations. Except for such transfer, this Letter of Credit may not otherwise be amended or modified without consent from us, you and the Applicant, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practice for Documentary Credits – 2007 Revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). Any and all transfer fees, expenses and costs shall be borne by the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.
2. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 4 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.
3. We \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Bank”) certify that as of\_\_\_\_\_\_\_\_\_\_\_\_\_\_(date) our senior unsecured debt is rated “A” or better by S&P Global Ratings (“S&P”) if rated by S&P or “A2” or better by Moody’s Investors Service Inc. (“Moody’s”) if rated by Moody’s. We hereby certify that our senior unsecured debt is rated by at least one of S&P and Moody’s.
4. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. \_\_\_\_\_. Partial drawings are permitted hereunder.
5. Faxed document(s) are acceptable. Presentation by fax must be made to fax number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ confirmed by telephone to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
6. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.
7. This original Letter of Credit has been sent to [name, title, address] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the Beneficiary above (as per Applicant’s instructions). The aggregate amount paid to the Beneficiary during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Beneficiary. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Officer of the Beneficiary.

 Very truly yours,

 (Bank)

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name:

 Title:

 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name:

 Title:

**Annex 1 to Letter of Credit**

DRAWING UNDER LETTER OF CREDIT NO. \_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_

To: (Bank)

 (Address)

 Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

 The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit.

2. Pursuant to Paragraph 2 of the Letter of Credit No.\_\_\_\_\_\_\_\_\_\_\_\_\_, dated\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_, the undersigned is entitled to make a drawing under the Letter of Credit in the amount of $\_\_\_\_\_\_\_\_\_\_, inasmuch as there is an Event of Default under any BGS Supplier Master Agreement between the Applicant and us.

3. The undersigned acknowledges that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

 Very truly yours,

 (Beneficiary)

 By

 Name:

 Title:

 Date:

cc: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Applicant Name)

**Annex 2 to Letter of Credit**

DRAWING UNDER LETTER OF CREDIT NO. \_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_

ON [Business Day immediately succeeding

 date of presentation]

PAY TO: (Beneficiary)

Attn:

$ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For credit to the account of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. \_\_\_\_\_\_\_\_\_\_\_\_ OF

 (Bank)

 (Address)

 (Beneficiary)

 By

 Name:

 Title:

**Annex 3 to Letter of Credit**

CERTIFICATE OF EXPIRATION

OF LETTER OF CREDIT NO. \_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_

To: (Bank)

 (Address)

 Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

 The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

 (Beneficiary)

 By

 Name:

 Title:

 Date:

cc: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Applicant Name)

**Annex 4 to Letter of Credit**

LETTER OF FULL TRANSFER

\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_

Bank

Bank Address

To Whom It May Concern:

Re: Credit\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Issued by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Advice No\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For value received, the undersigned Beneficiary hereby irrevocably transfers to:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Name of Transferee)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Address)

all rights of the undersigned Beneficiary to draw under the above Letter of Credit in its entirety.

By this transfer, all rights of the undersigned Beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned Beneficiary.

The original of such Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it direct to the transferee with your customary notice of transfer.

Enclosed is remittance in the amount of $\_\_\_\_\_\_\_ in payment of your transfer commission and in addition we agree to pay to you on demand any expenses that may be incurred by you in connection with this transfer.

 Transfer Commission Charges

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |
| --- | --- |
| SIGNATURE AUTHENTICATEDThe signatory/ies of this concern is/are authorized to withdrawcorporate funds.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(BANK)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Authorized Signature)  | Yours very truly, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature of Beneficiary |
| SIGNATURE AUTHENTICATEDThe signatory/ies of this concern is/are authorized to withdrawcorporate funds.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(BANK)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Authorized Signature) |  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature of Transferee |

1. If the issuer of the Letter of Credit is located in an area that is not in the Eastern time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly. [↑](#footnote-ref-2)