PACIFICORP
A MIDAMERICAN ENERGY HOLDINGS COMPANY

Pacific Power |
Rocky Mountain Power |
PacifiCorp Energy
825 NE Multnomah, Suite 1900 LCT
Portland, Oregon 97232

June 10, 2010

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Washington State Utilities and Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive Southwest
Olympia, WA 98504-7250

Attn: Ms. Carole J. Washburn
Executive Secretary

Re: Docket No. UE-030077
Order No. 01
Report of Reoffering of $45,000,000 Principal Amount of Pollution Control Revenue Bonds and New Credit Support Arrangements

Dear Commissioners:

Pursuant to the referenced order, PacifiCorp (the "Company") submits to the Commission one verified copy of each of the following documents relating to (i) the reoffering of $45,000,000 Lincoln County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 (the "PCRB Series"), and (ii) new Credit Support Arrangements:

1. Reoffering Circular dated May 25, 2010 relating to the reoffering of the PCRB Series:

2. Confidential Remarketing Agreement by and among the Company and Wells Fargo Bank, National Association dated May 28, 2010 relating to the reoffering of the PCRB Series.

3. Amended and Restated Trust Indenture and Amended and Restated Loan Agreement, dated as of June 1, 2010 for the PCRB Series

4. Confidential Letter of Credit Agreement, dated June 1, 2010 by and between the Company and Wells Fargo Bank, National Association, as the issuer of the Letter of Credit.

Because the referenced transaction was a reoffering of outstanding debt there were no proceeds associated with the transaction. Therefore, no Report of Securities Issued is enclosed.

PacifiCorp arranged for the Letter of Credit to provide credit enhancement and to help assure timely payment of amounts due with respect to the PCRB series. The new Letter of Credit is expected to enable PacifiCorp to achieve a lower cost of money with respect to the financing authorized by the above-listed Order

Under penalty of perjury, I declare that I know the contents of the enclosed documents, and they are true, correct, and complete.

Please contact me if you have any questions about this letter or the enclosed documents.

Sincerely,

Bruce N. Williams

Enclosures

cc: Cathie Allen

FOURTH SUPPLEMENTAL TRUST INDENTURE

BETWEEN

LINCOLN COUNTY, WYOMING

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Successor Trustee

Dated as of June 1, 2010

Relating to
$45,000,000
Lincoln County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project)
Series 1991

Amending and restating the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between Lincoln County, Wyoming and The Bank of New York Mellon Trust Company, N.A.

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FOURTH SUPPLEMENTAL TRUST INDENTURE

THIS FOURTH SUPPLEMENTAL TRUST INDENTURE, dated as of June 1, 2010 (the *"Fourth Supplemental Indenture"*), supplementing and amending that certain Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Indenture"*), by and between LINCOLN COUNTY, WYOMING (the *"Issuer"*), a duly organized and existing corporation and political subdivision of the State of Wyoming and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (the *"Trustee"*),

WITNESSETH:

WHEREAS, the Issuer has previously issued its $45,000,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1991 (the *"Bonds"*) pursuant to the Original Indenture;

WHEREAS, the Company will adjust the Rate Period for the Bonds from a Term Interest Rate Period to a Weekly Interest Rate Period on June 1, 2010;

WHEREAS, the Bonds are not currently supported by a liquidity facility, and in connection with adjustment of the Rate Period, the Company desires to deliver to the Trustee on June 1, 2010, an irrevocable letter of credit issued by Wells Fargo Bank, National Association, to be dated the date of delivery thereof (the *"Letter of Credit"*), which Letter of Credit will provide funds for the payment of the principal of and interest on the Bonds and the purchase price of Bonds tendered for purchase as further provided therein;

WHEREAS, the Issuer deems it necessary and desirable to enter into this Fourth Supplemental Indenture in order to amend and restate the Original Indenture to provide for such Letter of Credit to secure the Bonds and to make other amendments to the Original Indenture;

WHEREAS, Sections 12.01, 12.02 and 12.04 of the Original Indenture provide that the Issuer and the Trustee may, with the consent of the Company, the Agent Bank and the Insurer and with or without the consent of the Owners of not less than a majority of the aggregate principal amount of Bonds outstanding, enter into a Supplemental Indenture to provide for the Letter of Credit;

WHEREAS, at this time there is no Agent Bank and no Insurer;

WHEREAS, the Company and Wells Fargo Bank, National Association, Remarketing Agent and Owner of all of the Bonds outstanding, have consented to the execution of this Fourth Supplemental Indenture;

WHEREAS, the opinion of Bond Counsel required by Section 12.02(c) of the Indenture has been delivered to the Issuer and the Trustee;

WHEREAS, the Consent of the Remarketing Agent, attached as *Exhibit A*, and the Consent of the Company, attached as *Exhibit B*, required by Sections 12.02 and 12.04, respectively, of the Original Indenture have been delivered to the Issuer and the Trustee;

WHEREAS, the Trustee has provided written notice of this Fourth Supplemental Indenture to Moody's, S&P, and the Owners of all outstanding Bonds, as required by Article XII of the Original Indenture; and

WHEREAS, the execution and delivery of this Fourth Supplemental Indenture has been duly authorized by the governing body of the Issuer and all things necessary to make this Fourth Supplemental Indenture a valid and binding agreement have been done;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions Contained in the Original Indenture. Except as otherwise provided in this Fourth Supplemental Indenture, words and terms that are defined in the Original Indenture shall have the same meanings ascribed to them therein when used herein, unless the context or use indicates a different meaning or intent.

Section 1.02. New Definitions. The following terms as used in this Fourth Supplemental Indenture shall have the following meanings:

"Fourth Supplemental Indenture" means this Fourth Supplemental Trust Indenture, amending and restating the Original Indenture.

"Original Indenture" means the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between the Issuer and the Trustee, authorizing, among other things, the issuance of the Bonds.

"Original Loan Agreement" means that certain Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between the Issuer and the Company.

"Trustee" means The Bank of New York Mellon Trust Company, N.A.

ARTICLE II

AMENDMENTS OF INDENTURE

Section 2.01. Amendment and Restatement of the Original Indenture. The Original Indenture is hereby amended and restated to read as follows:

TRUST INDENTURE
Amended and Restated as of June 1, 2010

between

LINCOLN COUNTY, WYOMING

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

$45,000,000
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project)
Series 1991

Dated as of January 1, 1991

TRUST INDENTURE

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(This table of contents is not part of the Trust Indenture
and is only for convenience of reference.)

ATTACHMENTS TO THE TRUST INDENTURE:

TRUST INDENTURE

This TRUST INDENTURE is made and entered into as of January 1, 1991, as amended and restated as of June 1, 2010, between LINCOLN COUNTY, WYOMING, a political subdivision duly organized and existing under the Constitution and laws of the State of Wyoming and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as trustee.

RECITALS:

A. In furtherance of its public purposes, the Issuer has entered into a Loan Agreement, dated as of January 1, 1991, as amended and restated, with PacifiCorp, an Oregon corporation, providing for the issuance by the Issuer of the Bonds for the purpose of refunding, in advance of stated maturity, the Prior Bonds.

B. The Agreement provides that the Issuer will issue and sell the Bonds and will use the proceeds of the issuance and sale of the Bonds (other than accrued interest thereon, if any), together with additional moneys to be paid by the Company, to provide for the refunding of the Prior Bonds upon the redemption thereof on the Redemption Date.

C. The execution and delivery of this Indenture and the issuance and sale of the Bonds have been in all respects duly and validly authorized by proper action duly adopted by the governing authority of the Issuer.

D. The execution and delivery of the Bonds and of this Indenture have been duly authorized and all things necessary to make the Bonds, when executed by the Issuer and authenticated by the Trustee, valid and binding legal obligations of the Issuer and to make this Indenture a valid and binding agreement have been done.

NOW, THEREFORE, THIS TRUST INDENTURE

WITNESSETH:

GRANTING CLAUSES

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, and premium, if any, and interest on, the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, mortgage and warrant, and assign, pledge and grant a security interest in, the Trust Estate to the Trustee, and its successors in trust and assigns forever for the benefit of the Owners and to secure the obligation of the Company to reimburse the Bank for draws under the Letter of Credit under the Reimbursement Agreement; *provided* that the benefit, protection and security

provided by this Indenture for the Bank shall be subordinate in each and every case to the benefit, protection and security provided by this Indenture for the Owners of the Bonds:

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee and its respective successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, and premium, if any, and interest on, the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds and as provided in Article VIII hereof according to the true intent and meaning thereof, and shall cause the payments to be made as required under Article V hereof, or shall provide, as permitted hereby, for the payment thereof in accordance with Article VIII hereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then and in that case this Indenture and the rights hereby granted shall cease, terminate and be void and the Trustee shall thereupon cancel and discharge this Indenture and execute and deliver to the Issuer, the Bank or the Obligor on an Alternate Credit Facility and the Company such instruments in writing as shall be requisite to evidence the discharge hereof, otherwise this Indenture shall be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the Trust Estate is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions. The terms defined in this Article I shall have meanings provided herein for all purposes of this Indenture and the Agreement, unless the context clearly requires otherwise.

"Act" means Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as from time to time supplemented and amended.

"Adjustment Date" means June 1, 2010.

"Administration Expenses" means reasonable compensation and reimbursement of reasonable expenses and advances payable to the Issuer, the Trustee, the Registrar, the Remarketing Agent, the Paying Agent, Moody's and S&P.

"Agreement" or *"Loan Agreement"* means the Loan Agreement, dated as of January 1, 1991, as amended and restated by the Second Supplemental Loan Agreement, dated as of June 1, 2010, each between the Issuer and the Company, as amended and supplemented from time to time.

"Alternate Credit Facility" means a credit facility provided in accordance with Section 4.03 of the Agreement other than (i) the Letter of Credit delivered to the Trustee concurrently with the restatement of this Indenture and the remarketing of the Bonds on the Adjustment Date, or (ii) a Substitute Letter of Credit, including, without limitation, a letter of credit of a commercial bank or a credit facility from a financial institution, or a combination thereof, the terms of which shall in all material respects be the same as the aforesaid Letter of Credit and the administrative provisions of which are acceptable to the Trustee, or any other credit agreement or mechanism arranged by the Company (which may involve a letter of credit or other credit facility or a liquidity facility and an Insurance Policy or any combination thereof), the terms of which need not in all material respects be the same as the aforesaid Letter of Credit, but the administrative provisions of which are acceptable to the Trustee, which provides security for payment of the principal and interest on the Bonds when due and for payment of the purchase price of Bonds delivered to the Trustee. An Alternate Credit Facility may have an expiration date earlier than the maturity of the Bonds, but in no event shall such Alternate Credit Facility have an expiration date earlier than one year from the date of its delivery. The Trustee shall give notice to the Remarketing Agent, the Bank and all Owners of Bonds of the proposed delivery of any Alternate Credit Facility in accordance with the provisions of Sections 3.02(c) and 6.04(c) hereof.

"Authorized Company Representative" means the Company's President, any Vice President, its Secretary, any Assistant Secretary, its Treasurer or any Assistant Treasurer and each additional person at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Company by an Authorized Company Representative. Such certificate may designate an alternate or alternates.

"Authorized Denomination" means (i) $100,000 or any integral multiple of $100,000 (*provided* that one Bond need not be in a multiple of $100,000 but may be in such denomination greater than $100,000 as shall be necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate; (ii) $100,000 or any integral multiple of $5,000 in excess of $100,000 when the Bonds bear interest at a Flexible Interest Rate; and (iii) $5,000 or integral multiples of $5,000 when the Bonds bear interest at a Term Interest Rate.

"Available Moneys" means (a) during such time as a Letter of Credit or an Alternate Credit Facility is in effect, (i) moneys on deposit in trust with the Trustee as agent and bailee for the Owners of the Bonds for a period of at least 123 days prior to and during which no petition in

bankruptcy or similar insolvency proceeding has been filed by or against the Company or the Issuer (or any subsidiary of the Company, any guarantor of the Company or any insider (as defined in the United States Bankruptcy Code), to the extent that such moneys were deposited by any of such subsidiary, guarantor or insider) or is pending (unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal) and (ii)(A) proceeds of the issuance of refunding bonds (including proceeds from the investment thereof), and (B) any other moneys, if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Company (which opinion shall be in a form acceptable to the Trustee, to Moody's, if the Bonds are then rated by Moody's, and to S&P, if the Bonds are then rated by S&P and shall be delivered to the Trustee at or prior to the time of the deposit of such proceeds with the Trustee), the deposit and use of such proceeds (referred to in clause (A) above) or other moneys (referred to in clause (B) above) will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event either the Issuer or the Company were to become a debtor under the United States Bankruptcy Code, and (b) at any time that a Letter of Credit or an Alternate Credit Facility is not in effect, any moneys on deposit with the Trustee as agent and bailee for the Owners of the Bonds and proceeds from the investment thereof.

"Bank" means the commercial bank, its successors and assigns, which issues the Letter of Credit or Substitute Letter of Credit. The issuer of the initial Letter of Credit is Wells Fargo Bank, National Association. In the event of delivery of an Alternate Credit Facility, "Bank" shall, unless the context otherwise requires, include reference to the issuer of such Alternate Credit Facility.

"Bank Default" means any of the following events:

(a) the failure of the Bank to pay a drawing on the Letter of Credit in accordance with the terms thereof;

(b) a decree or order of a court or agency or supervisory authority having jurisdiction over the Bank in an involuntary case under any present or future federal or state bankruptcy, insolvency, debt adjustment or similar law or the appointment of a conservator or receiver or liquidator or similar official in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding, or for the winding-up or liquidation of its affairs, shall have been entered against the Bank;

(c) the Bank shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the Bank shall consent or acquiesce to the appointment of a conservator or receiver or liquidator or similar official in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding(s) of or relating to it or of or relating to all or substantially all of its property; or

(d) the Bank shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or

reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

"Beneficial Owner" has, when the Bonds are held in book-entry form, the meaning ascribed to such term in Section 2.10 hereof.

"Bond" or *"Bonds"* means the Issuer's $45,000,000 Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991, issued pursuant to this Indenture.

"Bond Counsel" means Chapman and Cutler LLP or any other firm of nationally recognized bond counsel familiar with the type of transactions contemplated under this Indenture selected by the Company and acceptable to the Trustee.

"Bond Documents" means this Indenture, the Agreement and the Bonds.

"Bond Fund" means the trust fund by that name created pursuant to Section 6.01 hereof.

"Bond Payment Date" means any Interest Payment Date and any other date on which the principal of, and premium, if any, and interest on, the Bonds is to be paid to the Owners thereof, whether upon redemption, at maturity or upon acceleration of maturity of the Bonds.

"Bond Resolution" means the resolution duly adopted and approved by the Board of County Commissioners of the Issuer on January 9, 1991, authorizing the issuance and sale of the Bonds and the execution of this Indenture and the Agreement.

"Business Day" means a day except a Saturday, Sunday or other day (a) on which commercial banks located in the cities in which the Principal Office of the Bank (or the Principal Office of the Obligor on an Alternate Credit Facility, as the case may be), the Principal Office of the Trustee, the Principal Office of the Remarketing Agent or the Principal Office of the Paying Agent are located are required or authorized by law to remain closed or are closed, or (b) on which The New York Stock Exchange, Inc. is closed.

"Clerk" means the County Clerk of the Issuer.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

"1954 Code" means the Internal Revenue Code of 1954, as amended. Each reference to a section of the 1954 Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

"Company" means PacifiCorp, a corporation organized and existing under the laws of the State of Oregon, its successors and assigns.

"Company Mortgage" means the Mortgage and Deed of Trust, dated as of January 9, 1989, between the Company and the Company Mortgage Trustee, as heretofore and hereafter supplemented and amended. Upon delivery of any Substitute Collateral, references herein and in the Agreement to Company Mortgage shall also mean the mortgage and deed of trust or other agreement pursuant to which the Substitute Collateral is issued, except as may be otherwise provided in a Supplemental Indenture entered into pursuant to Section 12.01(l) hereof or a supplement to the Agreement entered into pursuant to Section 12.05(e) hereof.

"Company Mortgage Trustee" means The Bank of New York Mellon Trust Company, N.A., as successor trustee under the Company Mortgage, its successors in trust and their assigns. Upon delivery of any Substitute Collateral, references herein and in the Agreement to Company Mortgage Trustee shall also mean the trustee with respect to such Substitute Collateral, except as may be otherwise provided in a Supplemental Indenture entered into pursuant to Section 12.01(l) hereof or a supplement to the Agreement entered into pursuant to Section 12.05(e) hereof.

"Company Supplemental Indenture" means the Fifteenth Supplemental Indenture, dated as of June 1, 2003, supplementing the Company Mortgage and providing for the issuance of the First Mortgage Bonds.

"Costs" means all fees and reasonable costs and expenses incurred in connection with the Refunding and the issuance of the Bonds, to be paid by the Company from moneys other than moneys arising from the sale of the Bonds or moneys provided under the Letter of Credit or an Alternate Credit Facility, as the case may be.

"Custody Account" has the meaning assigned such term in Section 3.06(a)(ii) hereof.

"Daily Interest Rate" means the variable interest rate on the Bonds established pursuant to Section 2.02(b) hereof.

"Daily Interest Rate Period" means each period during which a Daily Interest Rate is in effect.

"Delivery Office of the Trustee" means the office designated as such by the Trustee in writing to the Remarketing Agent, the Registrar, the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), and the Company. If there is no book-entry system in effect for the Bonds, the Delivery Office of the Trustee shall be an office of the Trustee located in New York, New York.

"Determination of Taxability" has the meaning set forth in Section 8.03 of the Agreement. The Trustee shall give notice of a Determination of Taxability as provided in Section 10.05 hereof.

"DTC" means The Depository Trust Company and its successors and assigns.

"DTC Participants" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

"Escrow Account" means the escrow account established by the Escrow Agreement.

"Escrow Agent" means the Prior Trustee, as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, dated as of January 1, 1991, among the Issuer, the Escrow Agent and the Company.

"Electronic Notice" means notice transmitted through electronic mail or a time-sharing terminal or by facsimile transmission or telephone (promptly confirmed in writing or by facsimile transmission).

"Eligible Account" means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a S&P short-term debt rating of at least A-2 (or, if no short-term debt rating, a long-term debt rating of BBB+); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that an account required to be an "Eligible Account" no longer complies with the requirement, the Trustee should promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

"Event of Default" means any occurrence or event specified in Section 9.01 hereof.

"Event of Taxability" means the failure of the Company to observe any covenant, agreement or representation in the Agreement, which failure results in a Determination of Taxability.

"Executive Officer" means the Chair of the Board of County Commissioners of the Issuer.

"Exempt Facilities" means facilities (i) which qualify as "sewage or solid waste disposal facilities" or "air or water pollution control facilities" as defined in the 1954 Code and (ii) which qualify as a "project" under the Act.

"Expiration of the Term of an Alternate Credit Facility" means (i)(a) the date specified in the Alternate Credit Facility as the expiration date for the Alternate Credit Facility, (b) the date on which an Alternate Credit Facility is delivered or substituted in accordance with the provisions hereof and of the Agreement for the commitment of the then-existing Obligor on an Alternate Credit Facility or (c) the date on which the Company terminates the Alternate Credit Facility in accordance with Section 4.03 of the Agreement, or (ii) the date on which the commitment of the Obligor on an Alternate Credit Facility to provide moneys for the purchase of Bonds pursuant to the Alternate Credit Facility is otherwise terminated in accordance with its terms.

"Expiration of the Term of the Letter of Credit" means (i)(a) the *"Expiration Date"* as defined in the Letter of Credit or (b) the date on which an Alternate Credit Facility is delivered or

substituted for the Letter of Credit in accordance with the provisions hereof and of the Agreement or (c) the date on which the Company terminates the Letter of Credit in accordance with Section 4.03 of the Agreement, or (ii) the date on which the commitment of the Bank to provide moneys for the purchase of Bonds pursuant to the Letter of Credit is otherwise terminated in accordance with its terms.

"First Mortgage Bonds" means the series of first mortgage and collateral trust bonds issued and delivered under the Company Mortgage and the Company Supplemental Indenture, and held by the Trustee pursuant to the Pledge Agreement. Upon delivery of any Substitute Collateral, references herein and in the Agreement to First Mortgage Bonds shall also mean such Substitute Collateral, except as may be otherwise provided in a Supplemental Indenture entered into pursuant to Section 12.01(l) hereof or a supplement to the Agreement entered into pursuant to Section 12.05(e) hereof.

"Flexible Interest Rate" means, with respect to any Bond, the non-variable rate or rates associated with such Bond established in accordance with Section 2.02(e) hereof.

"Flexible Interest Rate Period" means each period comprised of Flexible Segments during which Flexible Interest Rates are in effect.

"Flexible Segment" means, with respect to each Bond bearing interest at a Flexible Interest Rate, the period established in accordance with Section 2.02(e) hereof.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America, which are not subject to redemption or prepayment prior to stated maturity.

"Indenture" means this Trust Indenture, dated as of January 1, 1991, as amended and restated by the Fourth Supplemental Trust Indenture, dated as of June 1, 2010, each between the Issuer and the Trustee relating to issuance of the Bonds, as further amended or supplemented from time to time as permitted herein.

"Information Services" means Financial Information, Inc.'s *"Daily Called Bond Service,"* 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Standard & Poor's J. J. Kenny's *"Called Bond Service,"* 55 Water Street, 45th Floor, New York, New York 10041; Mergent's *"Municipal and Government Manual,"* 60 Madison Avenue, New York, New York 10010, Attention: Customer Service and the Municipal Securities Rulemaking Board, CDI, 1900 Duke Street, Alexandria, Virginia 22314, Attention: MSIL Dept.; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the Company may designate in a certificate delivered to the Trustee.

"Initial Rate Period" for the Bonds means the applicable Rate Period for the Bonds on the Issue Date.

"Insurance Agreement" means an insurance agreement between the Company and an Insurer and relating to an Insurance Policy.

"Insurance Policy" means a municipal bond insurance policy issued by an Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

"Insurer" means any insurance or indemnity company or other type of financial institution that provides an Insurance Policy as all or a portion of an Alternate Credit Facility in accordance with the provisions hereof and of the Agreement.

"Insurer Default" means any of the following events:

(a) the failure of an Insurer to make any payment required under the Insurance Policy when the same shall become due and payable or the Insurance Policy shall for any reason cease to be in full force and effect;

(b) a decree or order for relief shall be entered by a court or insurance regulatory authority having jurisdiction over the Insurer in an involuntary case under an applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, custodian, trustee, sequestrator (or similar official) of the Insurer or for any substantial part of the property of the Insurer or ordering the winding-up or liquidation of the affairs of the Insurer, and the continuance of any such decree or order shall be unstayed and remain in effect for a period of 60 consecutive days thereafter; or

(c) the Insurer shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or it shall consent to or acquiesce in the entry of an order for relief in an involuntary case under any such law, or it shall consent to the appointment of or taking of possession by a receiver, liquidator, trustee, custodian, sequestrator (or similar official) of the Insurer or for any substantial part of the property of it, or it shall make a general assignment for the benefit of creditors, or the Insurer shall fail generally or admit in writing its inability to pay its debts as such debts become due, or the Insurer shall take corporate action in contemplation or furtherance of any of the foregoing.

"Interest Account" means the trust account by that name established in the Bond Fund pursuant to Section 6.01 hereof.

"Interest Component" means the maximum amount stated in the Letter of Credit or an Alternate Credit Facility, as the case may be (as reduced and reinstated from time to time in accordance with the terms thereof), which may be drawn upon with respect to payment of accrued interest in accordance with Section 6.03(d) hereof or the portion of the purchase price of Bonds delivered pursuant to Section 3.01 and Section 3.02 hereof corresponding to interest accrued on the Bonds on or prior to the stated maturity thereof.

"Interest Coverage Period" means the number of days specified in the Letter of Credit or an Alternate Credit Facility, as the case may be, initially 48 days, which is used to determine the Interest Component.

"Interest Coverage Rate" means the rate specified in the Letter of Credit or an Alternate Credit Facility, as the case may be, initially 12%, which is used to determine the Interest Component.

"Interest Payment Date" means:

(i) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month;

(ii) with respect to any Term Interest Rate Period, the first day of the sixth month following the commencement of the Term Interest Rate Period and the first day of each sixth month thereafter;

(iii) with respect to any Flexible Segment, the Business Day next succeeding the last day of such Flexible Segment;

(iv) with respect to any Rate Period, the Business Day next succeeding the last day thereof;

(v) with respect to any Bond when it bears interest at a Flexible Interest Rate, any date on which there is a mandatory purchase of the Bond pursuant to Section 3.02(a)(iii) hereof; and

(vi) with respect to any Pledged Bond bearing interest at a Flexible Interest Rate, regardless of the duration of the Flexible Segment, the date on which such Pledged Bond is remarketed pursuant to this Indenture.

"Investment Securities" means any of the following obligations or securities, to the extent permitted by law and subject to the provisions of Article VII hereof, on which neither the Company nor any of its subsidiaries is the obligor:

(a) Government Obligations;

(b) Obligations of any of the following federal agencies which represent full faith and credit obligations of the United States of America (stripped securities are permitted only if they have been stripped by the agency itself): the Export-Import Bank of the United States (direct obligations or fully guaranteed certificates of beneficial ownership only); the Government National Mortgage Association (GNMA-guaranteed mortgage-backed bonds or GNMA-guaranteed pass-through obligations only); the Farmers Home Administration (certificates of beneficial ownership only); the Federal Housing Administration (debentures only); the United States Maritime Administration (guaranteed Title XI financings only); the General Services Administration (participation

certificates only); or the U.S. Department of Housing & Urban Development Local Authority Bonds;

(c) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having a rating of "AAAm-G" or "AAAm" or better by S&P;

(d) Commercial paper, (i) which, at the time of purchase, is rated in the same or higher Rating Category as the Bonds, but in no event shall any rating on such commercial paper be less than "P-1" by Moody's and "A-1" by S&P and (ii) which matures not more than 270 days after the date of purchase;

(e) Bonds, notes or other evidences of indebtedness (stripped securities are only permitted if they have been stripped by the agency itself and such securities do not have a value greater than par on the unpaid principal) rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association (mortgage-backed securities and senior debt obligations only) or the Federal Home Loan Mortgage Corporation (participation certificates and senior debt obligations only);

(f) U.S.-dollar-denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (i) which, on their date of purchase, are rated on their short-term certificates of deposit in the same or higher Rating Category as the Bonds, but in no event shall any rating on such investments be less than "P-1" or better by Moody's and "A-1" or better by S&P and (ii) which mature no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); and

(g) Any bonds or notes of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based on an irrevocable escrow account or fund in the highest Rating Category of S&P and Moody's.

"Issue Date" means the date of initial authentication and delivery of the Bonds.

"Issuer" means Lincoln County, Wyoming, and its successors, and any political subdivision resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Letter of Credit" means an irrevocable letter of credit issued by the Bank to the Trustee pursuant to the terms of the Reimbursement Agreement, as amended or extended from time to time. In the event of the delivery of a Substitute Letter of Credit, "Letter of Credit" shall, unless the context otherwise requires, mean such Substitute Letter of Credit. The initial Letter of Credit is the letter of credit delivered by Wells Fargo Bank, National Association, concurrently with the execution and delivery of this restated Indenture.

"Letter of Credit Fund" means the fund by that name created pursuant to Section 6.01 hereof.

"Loan Payments" means the payments required to be made by the Company pursuant to Section 4.01(a) of the Agreement.

"Mail" means mail by first-class mail, postage prepaid.

"Maximum Interest Rate" means (i) while a Letter of Credit or an Alternate Credit Facility is in effect, the lesser of 12% per annum or the Interest Coverage Rate; and (ii) at all other times 12% per annum.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, *"Moody's"* shall be deemed to refer to any other nationally recognized rating agency designated by the Company by notice to the Issuer, the Trustee and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

"Obligor on an Alternate Credit Facility" means the entity or entities, as the case may be, obligated to make payments under any Alternate Credit Facility.

"Outstanding" or *"Bonds Outstanding"* or *"Outstanding Bonds"* means, as of any given date, all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee on or prior to such date for cancellation;

(b) Bonds deemed to be paid in accordance with Section 6.05 and Article VIII hereof; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.07 hereof;

provided, however, that if the principal of or interest due on Bonds is paid by the Insurer pursuant to the Insurance Policy, such Bonds shall remain Outstanding for all purposes of this Indenture until the Insurer receives payment therefor as contemplated by the Insurance Policy.

"Owner" or *"Owners"* or *"Owner of Bonds"* or *"Owners of Bonds"* means the registered owner of any Bond; *provided, however*, when used in the context of the Tax-Exempt status of the Bonds, the term *"Owner"* shall include a Beneficial Owner.

"Paying Agent" means any paying agent appointed as provided in Section 10.23 hereof, or any successor thereto.

"Person" means one or more individuals, estates, joint ventures, joint-stock companies, partnerships, associations, corporations, trusts or unincorporated organizations, and one or more governments or agencies or political subdivisions thereof.

"Plans and Specifications" means the plans and specifications describing any of the Project, as amended from time to time, as duly certified by an Authorized Company Representative.

"Plant" means the Naughton generating plant in Lincoln County, Wyoming.

"Pledge Agreement" means the Pledge Agreement, dated as of June 1, 2003, between the Company and the Trustee, relating to the First Mortgage Bonds and any and all modifications, alterations, amendments and supplements thereto.

"Pledged Bonds" means Bonds purchased with moneys drawn under the Letter of Credit to be deemed owned by the Company for purposes of granting a first priority lien upon Pledged Bonds hereunder, registered in the name of the Bank, as pledgee, or in the name of the Trustee (or its nominee), as agent for the Bank, delivered to or upon the direction of the Bank pursuant to Sections 3.06(a)(ii) hereof.

"Pollution Control Facilities" means those items of machinery, equipment, structures, improvements, other facilities and related property, which have been or will be acquired, constructed and improved at the Plant, as more particularly described in *Exhibit A* to the Agreement (as said *Exhibit A* may be from time to time amended).

"Principal Account" means the trust account by that name established within the Bond Fund pursuant to Section 6.01 hereof.

"Principal Office of the Bank" means the office of the Bank located in the United States of America and designated as the Principal Office of the Bank by the Bank in writing to the Trustee, the Issuer, the Registrar, the Company, the Insurer and the Remarketing Agent.

"Principal Office of the Obligor on an Alternate Credit Facility" means the office of the Obligor on an Alternate Credit Facility located in the United States of America and designated as the Principal Office of the Obligor on an Alternate Credit Facility by the Obligor on an Alternate Credit Facility in writing to the Trustee, the Issuer, the Insurer, the Registrar, the Company and the Remarketing Agent.

"Principal Office of the Paying Agent" means the office designated in writing by the Paying Agent to the Trustee, the Issuer, the Company, the Registrar, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

"Principal Office of the Registrar" means the office or offices designated as such by the Registrar in writing to the Trustee, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Company, the Issuer and the Remarketing Agent.

"Principal Office of the Remarketing Agent" means the office designated in writing by the Remarketing Agent to the Trustee, the Issuer, the Company, the Registrar, the Paying Agent, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

"Principal Office of the Trustee" means the office designated as such by the Trustee in writing to the Remarketing Agent, the Registrar, the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Paying Agent, the Insurer and the Company.

"Prior Bond Fund" means the fund created under the provisions of the Prior Indenture from which payments of principal and interest on the Prior Bonds are made.

"Prior Bonds" means the Issuer's $45,000,000 Pollution Control Revenue Bonds, 11-1/8% Series due April 1, 2011 (Utah Power & Light Company Project), which are being refunded pursuant to the Refunding with the proceeds of the Bonds.

"Prior Indenture" means the Indenture of Trust, dated as of April 1, 1981 pursuant to which the Prior Bonds were issued.

"Prior Lease" means the Equipment Lease, dated as of April 1, 1981, by and between the Issuer and the Company.

"Prior Sublease" means the Equipment Sublease, dated as of April 1, 1981, by and between the Issuer and the Company.

"Prior Trustee" means the Person serving as trustee under the Prior Indenture.

"Project" means the facilities described in *Exhibit A* to the Agreement (as said *Exhibit A* may be from time to time amended) and used by the Company for the reduction, abatement or prevention of air pollution for the Project, a portion of the cost of which facilities were financed with proceeds of the Prior Bonds, as shown in the Project Certificate.

"Project Certificate" means the Company's certificate or certificates, delivered concurrently with the initial authentication and delivery of the Bonds, with respect to certain facts which are within the knowledge of the Company to enable Bond Counsel to determine whether interest on the Bonds is includible in the gross income of the Owners thereof under applicable provisions of the Code.

"Rate" means any Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate.

"Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Flexible Interest Rate Period or Term Interest Rate Period.

"Rating Category" means one of the generic rating categories of either Moody's or S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Record Date" means (a) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, Weekly Interest Rate Period or Flexible Segment, the Business Day next preceding such Interest Payment Date; and (b) with respect to any Interest Payment Date in respect of any Term Interest Rate Period, the fifteenth day of the month preceding such Interest Payment Date.

"Redemption Date" means April 1, 1991, the date upon which the Prior Bonds are to be redeemed.

"Refunding" means the series of transactions whereby the Prior Bonds are refunded and cancelled with the proceeds of the Bonds and other money provided by the Company.

"Registrar" means the Registrar appointed in accordance with Section 10.21 or Section 10.22 hereof, initially the Trustee and each and every additional agent appointed by the Trustee from time to time for the exchange, registration and registration of transfer of the Bonds, or any successor Registrar appointed hereunder.

"Reimbursement Agreement" means, with respect to any Letter of Credit or an Alternate Credit Facility, the agreement, application or other document, together with any supplements or amendments thereto pursuant to which the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) agrees to issue such Letter of Credit or Alternate Credit Facility and which agreement, application or other document (singly or in combination with one another) is designated in writing by the Bank, with the written consent of the Company, as the "Reimbursement Agreement" for purposes of this definition.

"Remarketing Agent" means the Person appointed to serve as Remarketing Agent under this Indenture and the Remarketing Agreement, initially Wells Fargo Bank, National Association, and its successors and assigns.

"Remarketing Agreement" means the remarketing agreement between the Company and the Remarketing Agent pursuant to which the Remarketing Agent agrees to act as Remarketing Agent for the Bonds, as such remarketing agreement may be amended and supplemented from time to time.

"Revenues" means all moneys pledged hereunder and paid or payable to the Trustee for the account of the Issuer in accordance with the Agreement, the First Mortgage Bonds, the Pledge Agreement and the Insurance Policy, if any, including all moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and deposited in the Bond Fund and the Letter of Credit Fund to pay principal of the Bonds (and premium, if any, on the Bonds if covered by such Letter of Credit or Alternate Credit Facility) upon redemption, at maturity or upon acceleration of maturity, or to pay interest on the Bonds when due, and all receipts credited under the provisions of this Indenture against such payments; *provided, however,* that *"Revenues"* shall not include moneys held by the Trustee to pay the purchase price of Bonds subject to purchase pursuant to Article III hereof.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company by notice to the Issuer, the Trustee and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

"Securities Depositories" means The Depository Trust Company, Call Notification Department, 55 Water Street, 50th Floor, New York, New York 10041-0099, Fax: (212) 855-7232, -7233, -7234, or -7235; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as the Company may designate in a certificate delivered to the Trustee.

"State" means the State of Wyoming.

"Substitute Collateral" means any form of collateral delivered by the Company in substitution for the First Mortgage Bonds pursuant to Section 4.04(f) of the Agreement.

"Substitute Letter of Credit" means a Letter of Credit provided in accordance with Section 4.03(a) of the Agreement in substitution for the Letter of Credit in effect at the time of such substitution (which substitution may be accomplished by an amendment to such Letter of Credit) which is provided by the same Bank that issued the Letter of Credit at the time of such substitution and which Substitute Letter of Credit is identical in all material respects to the Letter of Credit in substitution for which the Substitute Letter of Credit is to be provided, except as set forth below:

(i) An increase or decrease in the Interest Coverage Rate; or

(ii) An increase or decrease in the Interest Coverage Period; or

(iii) Any combination of (i) and (ii).

The Trustee shall give notice to the Remarketing Agent and to all Owners of Bonds of the proposed delivery of a Substitute Letter of Credit in accordance with the provisions of Sections 3.02(c) and 6.04(c) hereof.

"Supplemental Indenture" means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee pursuant to the provisions of Section 12.01 or Section 12.02 hereof.

"Tax Certificate" means the Tax Exemption Certificate and Agreement relating to the Bonds to be executed by the Company, the Issuer and the Trustee on the date of the initial authentication and delivery of the Bonds, as amended and supplemented from time to time.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is not includible in gross income of the owners of such obligations for federal income tax purposes, except for interest on any such obligations for any period during which such obligations are owned by a person who is a "substantial user" of any facilities financed or refinanced with such obligations or a "related person" within the meaning of Section 103(b)(13) of the 1954 Code, whether or not such interest is includible as an item of tax preference or otherwise includible directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Term Interest Rate" means an interest rate on the Bonds established periodically in accordance with Section 2.02(d) hereof.

"Term Interest Rate Period" means each period of six months or more during which a Term Interest Rate is in effect; *provided, however,* that the last day of a Term Interest Rate Period shall be either the day preceding the date of final maturity of the Bonds or a day which both immediately precedes a Business Day and is at least six months after the effective date of such Term Interest Rate Period.

"Treasury Regulations" means the United States Treasury Regulations dealing with the tax-exempt bond provisions of the Code.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee under this Indenture, and any successor Trustee appointed hereunder.

"Trust Estate" means all right, title and interest of the Issuer in and to the Agreement (except its rights under Section 4.06, Section 4.08, Section 5.03, Section 5.06, Section 5.07, Section 5.08, Section 7.05 and Section 7.07 thereof, and its rights to receive notices, certificates, requests, requisitions, directions and other communications thereunder), including, without limitation, all right, title and interest of the Issuer in the Revenues, all of the First Mortgage Bonds issued and delivered by the Company to the Trustee pursuant to the Pledge Agreement, the Insurance Policy, all moneys and other obligations which are, from time to time, deposited with or held by or on behalf of the Trustee in trust in the Bond Fund under any of the provisions of this Indenture or the Pledge Agreement (except moneys or obligations deposited with or paid to the Trustee for payment or redemption of Bonds that are deemed no longer Outstanding hereunder), and all other rights, title and interest which are subject to the lien of this Indenture; *provided, however,* that the *"Trust Estate"* shall not include moneys held by the Trustee to pay the purchase price of Bonds subject to purchase pursuant to Article III hereof.

"Weekly Interest Rate" means the variable interest rate on the Bonds established in accordance with Section 2.02(c) hereof.

"Weekly Interest Rate Period" means each period during which a Weekly Interest Rate is in effect.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the purchase price (as defined in the Treasury Regulations).

Section 1.02. Rules of Construction. Unless the context otherwise requires,

(a) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles;

(b) references to Articles and Sections are to the Articles and Sections of this Indenture or the Agreement, as the case may be;

(c) words importing the singular number shall include the plural number and vice versa and words importing the masculine shall include the feminine and vice versa; and

(d) the headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Indenture nor shall they affect its meanings, construction or effect.

ARTICLE II

THE BONDS

Section 2.01. Authorization and Terms of Bonds. (a) There is hereby authorized and created under this Indenture an issue of bonds designated as *"Lincoln County, Wyoming, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991."* The total aggregate principal amount of Bonds that may be issued and Outstanding under this Indenture is expressly limited to $45,000,000, exclusive of Bonds executed and authenticated as provided in Section 2.07 hereof; *provided, however,* that no Bonds shall be delivered hereunder until the Trustee receives a request and authorization of the Issuer signed by the Executive Officer to authenticate and deliver the principal amount of the Bonds therein specified to the purchaser or purchasers therein identified.

(b) The Bonds shall be issued as fully-registered Bonds, without coupons, in Authorized Denominations and shall all be dated as of the Issue Date. The Bonds shall mature, subject to prior redemption as provided in Article IV hereof, upon the terms and conditions hereinafter set forth, on January 1, 2016. The Bonds shall bear interest at the rate determined as provided in Section 2.02 hereof.

The Bonds shall be lettered "R," and shall be separately numbered from R-1 consecutively upward. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless it is registered and authenticated after a Record Date and on or prior to the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is registered and authenticated before the Record Date for the first Interest Payment Date, in which event it shall

bear interest from the Issue Date; *provided, however,* that if, as shown by the records of the Paying Agent, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds, or, if no interest has been paid or duly provided for on the Bonds, from the Issue Date. Payment of the interest on any Bond shall be made to the person appearing on the bond registration books of the Registrar as the registered Owner thereof on the Record Date, such interest to be paid by the Paying Agent to such registered Owner (i) by bank check or draft mailed by first-class mail on the Interest Payment Date, to such Owner's address as it appears on the registration books of the Registrar or at such other address as has been furnished to the Registrar in writing by such Owner, or (ii) during any Rate Period other than a Term Interest Rate Period in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Bond if such account is maintained with the Paying Agent), but in respect of any Owner of Bonds during a Daily Interest Rate Period or a Weekly Interest Rate Period only to any Owner which owns Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date, according to the instructions given by such Owner to the Registrar or, if no such instructions have been provided as of the Record Date, by check mailed by first-class mail to the Owner at such Owner's address as it appears as of the Record Date on the registration books of the Registrar; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owners in whose name any such Bonds are registered as of a special record date to be fixed by the Trustee, notice of which shall be given to such Owners not less than ten (10) days prior thereto. Both the principal of and premium, if any, on the Bonds shall be payable upon surrender thereof in lawful money of the United States of America at the Principal Office of the Paying Agent. Notwithstanding the foregoing, interest on any Bond bearing a Flexible Interest Rate shall be paid only upon presentation to the Trustee of the Bond on which such payment is due.

Section 2.02. Interest Rates and Rate Periods.

(a) GENERAL PROVISIONS.

(i) *General.* The Bonds shall bear interest from and including the date of the first authentication and delivery of the Bonds until final payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise, at the lesser of (A) the Maximum Interest Rate or (B) the interest rate or rates determined as provided in this Section 2.02. Such rate or rates shall be effective for the periods set forth in this Section 2.02. During any Rate Period other than a Term Interest Rate Period, interest on the Bonds shall be computed upon the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed. During any Term Interest Rate Period, interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Notwithstanding any other provision of this Indenture, it shall not be required that all Bonds bear interest at the same rate, *provided* that no more than one Rate Period may apply to the Bonds except as provided in Section 2.02(e)(iv) hereof. Not later than 11:15 a.m. (New York time) on the Business Day immediately following the day on which there has been a change in the rate of interest applicable to the Bonds, the

Remarketing Agent shall give notice of such change to the Trustee by telephone. The Trustee hereby agrees to give telephonic notice to the Company on each Record Date of the amount of interest to be due and payable on the Bonds on the next succeeding Interest Payment Date.

(ii) *Rate Periods.* The term of the Bonds shall be divided into consecutive Rate Periods during which such Bonds shall bear interest at the Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate; *provided, however,* that, to the extent determined in accordance with Section 2.02(e)(iv)(B) hereof, a portion of the Bonds may bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Term Interest Rate while other Bonds continue to bear interest at Flexible Interest Rates. Commencing with the Adjustment Date, the Bonds shall bear interest at a Weekly Interest Rate. Thereafter, the Bonds shall bear interest as provided herein.

(b) DAILY INTEREST RATE.

(i) *Determination of Daily Interest Rate.* During each Daily Interest Rate Period, the Bonds shall bear interest at the Daily Interest Rate determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for any day that is not a Business Day. The Daily Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Daily Interest Rate for any day by 10:00 a.m., New York time, the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding Business Day. On the basis of such Daily Interest Rates as notified by the Remarketing Agent, confirmed in writing on the last Business Day upon which a Daily Interest Rate has been set by the Remarketing Agent prior to an Interest Payment Date, the Trustee shall calculate the amount of interest payable during each Interest Period on the Bonds bearing interest at a Daily Interest Rate and shall notify the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) thereof.

(ii) *Adjustment to Daily Interest Rate Period.* At any time, the Company, by written notice to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, may elect that the Bonds shall bear interest at a Daily Interest Rate. Such notice (A) shall specify the effective date of such adjustment to a Daily Interest Rate, which shall be (1) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and the Paying Agent of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee); (2) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds would be permitted to be redeemed at the option of the Company pursuant to Section 4.02(b)(iii) hereof or the day immediately following the last day of the then-current Term Interest

Rate Period; and (3) in the case of an adjustment from a Flexible Interest Rate Period, either (a) the day immediately following the last day of the then-current Flexible Interest Rate Period as determined in accordance with Section 2.02(e)(iv)(A) hereof, or (b) for each Bond, the day immediately following the last day of the last Flexible Segment for such Bond in the then-current Flexible Interest Rate Period (as determined in accordance with Section 2.02(e)(iv)(B) hereof); *provided, however,* that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Daily Interest Rate Period shall not precede such redemption date; and (B) if the adjustment is from a Term Interest Rate Period having a duration in excess of one year, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (1) is authorized or permitted by this Indenture and the Act, and (2) will not adversely affect the Tax-Exempt status of the interest on the Bonds.

(iii) *Notice of Adjustment to Daily Interest Rate Period.* The Trustee shall give notice by Mail of an adjustment to a Daily Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Daily Interest Rate Period. Such notice shall state (A) that the interest rate on such Bonds will be adjusted to a Daily Interest Rate (subject to the Company's ability to rescind its election as provided in Section 2.02(g) hereof), (B) the effective date of such Daily Interest Rate Period, (C) that such Bonds are subject to mandatory purchase on such effective date, (D) the procedures for such mandatory purchase, (E) the purchase price of such Bonds on such effective date (expressed as a percentage of the principal amount thereof), and (F) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

(c) WEEKLY INTEREST RATE.

(i) *Determination of Weekly Interest Rate.* During each Weekly Interest Rate Period, the Bonds shall bear interest at the Weekly Interest Rate determined by the Remarketing Agent no later than the first day of such Weekly Interest Rate Period and thereafter no later than Tuesday of each week during such Weekly Interest Rate Period, unless any such Tuesday shall not be a Business Day, in which event the Weekly Interest Rate shall be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday. The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (based on the examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Interest Rate for any period, the Weekly Interest Rate shall be the same as the Weekly Interest Rate in effect for the immediately preceding week. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday,

in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. While the Bonds bear interest at the Weekly Interest Rate, the Remarketing Agent shall on the next to the last Business Day of each Interest Period provide in writing to the Trustee and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) the Weekly Interest Rates in effect during such Interest Period.

(ii) *Adjustment to Weekly Interest Rate Period.* The Company, by written notice to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, may at any time elect that the Bonds shall bear interest at a Weekly Interest Rate. Such notice (A) shall specify the effective date of such adjustment to a Weekly Interest Rate, which shall be (1) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and the Paying Agent of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee); (2) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds would be permitted to be redeemed at the option of the Company pursuant to Section 4.02(b)(iii) hereof or the day immediately following the last day of the then-current Term Interest Rate Period; and (3) in the case of an adjustment from a Flexible Interest Rate Period either (a) the day immediately following the last day of the then-current Flexible Interest Rate Period as determined in accordance with Section 2.02(e)(iv)(A) hereof, or (b) for each Bond, the day immediately following the last day of the last Flexible Segment for such Bond in the then-current Flexible Interest Rate Period as determined in accordance with Section 2.02(e)(iv)(B) hereof; *provided, however,* that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Weekly Interest Rate Period shall not precede such redemption date; and (B) if the adjustment is from a Term Interest Rate Period having a duration in excess of one year, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (1) is authorized or permitted by this Indenture and the Act, and (2) will not adversely affect the Tax-Exempt status of interest on the Bonds.

(iii) *Notice of Adjustment to Weekly Interest Rate Period.* The Trustee shall give notice by Mail of an adjustment to a Weekly Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (A) that the interest rate on such Bonds will be adjusted to a Weekly Interest Rate (subject to the Company's ability to rescind its election as provided in Section 2.02(g) hereof), (B) the effective date of such Weekly Interest Rate Period, (C) that such Bonds are subject to mandatory purchase on such effective date, (D) the procedures for such mandatory purchase, (E) the purchase price of such Bonds on such effective date (expressed as a percentage of the principal amount thereof), and (F) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

(d) TERM INTEREST RATE.

(i) *Determination of Term Interest Rate.* During each Term Interest Rate Period, the Bonds shall bear interest at the Term Interest Rate determined by the Remarketing Agent on a Business Day selected by the Remarketing Agent, but not more than 30 days prior to and not later than the effective date of such Term Interest Rate Period. The Term Interest Rate shall be the rate determined by the Remarketing Agent on such date, and communicated on such date to the Trustee, the Paying Agent, the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), by written notice or by telephone promptly confirmed by telecopy or other writing, as being the lowest rate (based on the examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) which would enable the Remarketing Agent to sell the Bonds on the effective date of such Term Interest Rate Period at a price (without regard to accrued interest) equal to 100% of the principal amount thereof; *provided, however,* that if, for any reason, a Term Interest Rate for any Term Interest Rate Period shall not be determined or become effective, then (A) in the event the then-current Term Interest Rate Period is for one year or less, the Rate Period for the Bonds shall automatically convert to a Daily Interest Rate Period and (B) in the event the current Term Interest Rate Period is for more than one year, the Rate Period for the Bonds shall automatically adjust to a Term Interest Rate Period of one year and one day; *provided, however,* that if the last day of any successive Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such successive Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Interest Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period shall be a Term Interest Rate Period ending on the day prior to the final maturity date of the Bonds; *provided further* that in the case of clause (B) above, if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then-effective Term Interest Rate Period, the Rate Period for the Bonds will adjust to a Daily Interest Rate Period. If the Daily Interest Rate for the first day of any such Daily Interest Rate Period is not determined as provided in Section 2.02(b)(i) hereof, the Daily Interest Rate for the first day of such Daily Interest Rate Period shall be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to *The Bond Buyer*). If a Term Interest Rate for any such Term Interest Rate Period described in clause (B) above is not determined as described in the second preceding sentence, the Term Interest Rate for such Term Interest Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to *The Bond Buyer*).

(ii) *Adjustment to or Continuation of Term Interest Rate Period.* At any time, the Company, by written notice to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, may elect that the Bonds shall bear, or continue to bear, interest at a Term Interest Rate, and if

it shall so elect, shall determine the duration of the Term Interest Rate Period during which such Bonds shall bear interest at such Term Interest Rate. At the time the Company so elects an adjustment to or continuation of a Term Interest Rate Period, the Company may specify two or more consecutive Term Interest Rate Periods and, if the Company so specifies, shall specify the duration of each such Term Interest Rate Period as provided in this paragraph (ii). Such notice shall specify the effective date of each Term Interest Rate Period, which shall be (A) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and the Paying Agent of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee); (B) in the case of an adjustment from or continuation of a Term Interest Rate Period, a day on which the Bonds would be permitted to be redeemed at the option of the Company pursuant to Section 4.02(b)(iii) hereof or the day immediately following the last day of the then-current Term Interest Rate Period; and (C) in the case of an adjustment from a Flexible Interest Rate Period either (1) the day immediately following the last day of the then-current Flexible Interest Rate Period as determined in accordance with Section 2.02(e)(iv)(A) hereof, or (2) for each Bond, the day immediately following the last day of the last Flexible Segment for such Bond in the then-current Flexible Interest Rate Period as determined in accordance with Section 2.02(e)(iv)(B) hereof; *provided, however,* that if prior to the Company's making such election, any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Term Interest Rate Period shall not precede such redemption date. In addition, such notice (x) shall specify the last day of such Term Interest Rate Period (which shall be either the day preceding the date of final maturity of the Bonds or a day which both immediately precedes a Business Day and is at least one year after such effective date), and (y) unless such Term Interest Rate Period immediately succeeds a Term Interest Rate Period of the same duration and is subject to the same optional redemption rights under Section 4.02(b)(iii) hereof, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (i) is authorized or permitted by this Indenture and the Act, and (ii) will not adversely affect the Tax-Exempt status of interest on the Bonds.

If, by 20 days prior to the end of the then-current Term Interest Rate Period, the Trustee shall not have received notice of the Company's election that the Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, a Term Interest Rate or a Flexible Rate accompanied by appropriate opinions of Bond Counsel, the next succeeding Rate Period shall be (A) in the event the then-current Term Interest Rate Period is for one year or less, the Rate Period for the Bonds shall automatically convert to a Daily Interest Rate Period and (B) in the event the current Term Interest Rate Period is for more than one year, the Rate Period for the Bonds shall automatically adjust to a Term Interest Rate Period of one year and one day; *provided, however,* that if the last day of any successive Term Interest Rate Period shall not be a day immediately preceding a Business Day, then such successive Term Interest Rate Period shall end on the first day immediately preceding the Business Day next succeeding such day or, if such Term Interest Rate Period would end after the day prior to the final maturity date of the Bonds, the next succeeding Rate Period shall be a Term Interest Rate Period ending on the day prior to the final maturity date of the Bonds; *provided, further,* that in the case of clause

(B) above, if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then-effective Term Interest Rate Period, the Rate Period for the Bonds will adjust to a Daily Interest Rate Period. If the Daily Interest Rate for the first day of any such Daily Interest Rate Period is not determined as provided in Section 2.02(b)(i) hereof, the Daily Interest Rate for the first day of such Daily Interest Rate Period shall be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to *The Bond Buyer*). If a Term Interest Rate for any such Term Interest Rate Period described in clause (B) above is not determined as described in the second preceding sentence, the Term Interest Rate for such Term Interest Rate Period shall be 100% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as the most comparable to *The Bond Buyer*).

At the same time that the Company elects to have the Bonds bear interest at a Term Interest Rate or to continue to bear interest at a Term Interest Rate, the Company may also elect that such Term Interest Rate Period shall be automatically renewed for successive Term Interest Rate Periods each having the same duration as the Term Interest Rate Period so specified; *provided, however,* that such election must be accompanied by an opinion of Bond Counsel to the effect that such continuing automatic renewals of such Term Interest Rate Period (1) are authorized or permitted by this Indenture and the Act, and (2) will not adversely affect the Tax-Exempt status of interest on the Bonds. If such election is made, no opinion of Bond Counsel shall be required in connection with the commencement of each successive Term Interest Rate Period determined in accordance with such election. Further, at the same time that the Company elects to have the Bonds bear interest at a Term Interest Rate or continue to bear interest at a Term Interest Rate, subject to the provisions of Section 4.02(c) hereof, the Company may also specify to the Trustee optional redemption prices and periods different from those set out in Section 4.02 hereof during the Term Interest Rate Period(s) with respect to which such election is made.

(iii) *Notice of Adjustment to or Continuation of Term Interest Rate Period.* The Trustee shall give notice by Mail of an adjustment to or continuation of a Term Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Term Interest Rate Period. Such notice shall state (A) that the interest rate on such Bonds will be adjusted to, or continue to be, a Term Interest Rate (subject to the Company's ability to rescind its election as provided in Section 2.02(g) hereof), (B) the effective date and the last date of such Term Interest Rate Period, (C) that the Term Interest Rate for such Term Interest Rate Period will be determined not later than the effective date thereof, (D) how such Term Interest Rate may be obtained from the Remarketing Agent, (E) the Interest Payment Dates after such effective date, (F) that, during such Term Interest Rate Period, the Owners of such Bonds will not have the right to tender their Bonds for purchase, (G) that, except when the new Term Interest Rate Period is preceded

by a Term Interest Rate Period of the same duration, such Bonds are thereby subject to mandatory purchase on such effective date, and (H) the redemption provisions that will apply to such Bonds during such Term Interest Rate Period.

(e) FLEXIBLE INTEREST RATE.

(i) *Determination of Flexible Segments and Flexible Interest Rates.* During each Flexible Interest Rate Period, each Bond shall bear interest during each Flexible Segment for such Bond at the Flexible Interest Rate for such Bond as described herein. Each Flexible Segment and Flexible Interest Rate for each Bond shall be the Flexible Segment and Flexible Interest Rate determined by the Remarketing Agent. Each Flexible Segment for any Bond shall be a period, of not less than one nor more than 365 days (subject to any limitations set forth in the Remarketing Agreement), determined by the Remarketing Agent to be, in its judgment, the period which, together with all other Flexible Segments for all Bonds then outstanding, is likely to result in the lowest overall net interest expense on the Bonds; *provided, however,* that (A) any such Bond purchased on behalf of the Company and remaining unsold in the hands of the Remarketing Agent as of the close of business on the effective date of the Flexible Segment for such Bond shall have a Flexible Segment of one day or, if such Flexible Segment would not end on a day immediately preceding a Business Day, a Flexible Segment of more than one day ending on the day immediately preceding the next Business Day and (B) each Flexible Segment shall end on a day which immediately precedes a Business Day and no Flexible Segment shall extend beyond the final maturity date of the Bonds.

The Flexible Interest Rate for each Flexible Segment for each Bond shall be the rate determined by the Remarketing Agent (based on the examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) no later than the first day of such Flexible Segment (and in the case of a Flexible Segment of one day, no later than 12:30 p.m. New York time, on such date) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If a Flexible Segment or a Flexible Interest Rate for a Flexible Segment is not determined or effective, the Flexible Segment for such Bond shall be a Flexible Segment of one day, and the interest rate for such Flexible Segment of one day shall be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is on longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*).

The Remarketing Agent shall notify the Trustee and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) of any Flexible Segment and Flexible Rate on the date it is established and the Trustee shall keep a record of the Flexible Rate for each Bond, or in the event the Remarketing Agent holds any Bond which has not been remarketed or in the event of any Pledged Bond or in the event any Bond is held of record by the Obligor on the Alternate Credit Facility, the Remarketing

Agent shall notify the Trustee of the Flexible Rate applicable to such Bond not later than the close of business on the Business Day next preceding the Interest Payment Date for such Bond.

(ii) *Adjustment to Flexible Interest Rate Period.* At any time, the Company, by written notice to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, may elect that the Bonds shall bear interest at Flexible Interest Rates. Such notice (A) shall specify the effective date of the Flexible Interest Rate Period during which such Bonds shall bear interest at Flexible Interest Rates, which shall be (1) a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and the Paying Agent of such notice (or such shorter period after the date of such receipt as shall be acceptable to the Trustee), and (2) in the case of an adjustment from a Term Interest Rate Period, a day on which the Bonds would be permitted to be redeemed at the option of the Company pursuant to Section 4.02(b)(iii) hereof or the day immediately following the last day of the then-current Term Interest Rate Period; *provided, however,* that if prior to the Company's making such election any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Flexible Interest Rate Period shall not precede such redemption date; and (B) in the case of an adjustment from a Term Interest Rate Period having a duration in excess of one year, shall be accompanied by an opinion of Bond Counsel to the effect that such adjustment (1) is authorized or permitted by this Indenture and the Act and (2) will not adversely affect the Tax-Exempt status of interest on the Bonds. During each Flexible Interest Rate Period commencing on the date so specified (provided that the opinion of Bond Counsel described in clause (B) above, if required, is reaffirmed as of such date) and ending on the day immediately preceding the effective date of the next succeeding Rate Period, each Bond shall bear interest at a Flexible Interest Rate during each Flexible Segment for such Bond.

(iii) *Notice of Adjustment to Flexible Interest Rate Period.* The Trustee shall give notice by Mail of an adjustment to a Flexible Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Flexible Interest Rate Period. Such notice shall state (A) that the interest rate on the Bonds will be adjusted to Flexible Interest Rates (subject to the Company's ability to rescind its election as provided in Section 2.02(g) hereof), (B) the effective date of such Flexible Interest Rate Period, (C) that such Bonds are thereby subject to mandatory purchase on the effective date of such Flexible Interest Rate Period, (D) the procedures for such mandatory purchase, and (E) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

(iv) *Adjustment from Flexible Interest Rates.* At any time during a Flexible Interest Rate Period, the Company may elect that the Bonds shall no longer bear interest at Flexible Interest Rates and shall instead bear interest as otherwise permitted under this Indenture. The Company shall notify the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of such election by Mail and shall specify the Rate Period to follow with

respect to such Bonds upon cessation of the Flexible Interest Rate Period and instruct the Remarketing Agent to (A) determine Flexible Segments of such duration that, as soon as possible, all Flexible Segments shall end on the same date, not earlier than the eleventh day following the third Business Day (or such shorter period acceptable to the Trustee), following the receipt by the Trustee and the Paying Agent of the notice required by the second succeeding sentence, which date shall be the last day of the then-current Flexible Interest Rate Period, and, upon the establishment of such Flexible Segments the day next succeeding the last day of all such Flexible Segments, shall be the effective date of the Rate Period elected by the Company; or (B) determine Flexible Segments that will in the judgment of the Remarketing Agent best promote an orderly transition to the next succeeding Rate Period to apply to such Bonds, beginning not earlier than the eleventh day following the third Business Day (or such shorter period acceptable to the Trustee) following the receipt by the Trustee and Paying Agent of the notice required by the second succeeding sentence. If the alternative in clause (B) above is selected, the day next succeeding the last day of the Flexible Segment for each Bond shall be with respect to such Bond the effective date of the Rate Period elected by the Company. The Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective dates to the Issuer, the Company, the Trustee, the Paying Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be). During any transitional period from a Flexible Interest Rate Period to the next succeeding Rate Period in accordance with clause (B) above, the provisions of this Indenture relating to the Bonds shall be deemed to apply to the Bonds as follows: The Bonds continuing to bear interest at Flexible Interest Rates shall have applicable to them the provisions hereunder theretofore applicable to such Bonds as if all Bonds were continuing to bear interest at Flexible Interest Rates and the Bonds bearing interest at the Rate to which the transition is being made will have applicable to them the provisions hereunder as if all Bonds were bearing interest at such Rate.

(f) DETERMINATION CONCLUSIVE. The determination of any Flexible Interest Rate, Daily Interest Rate, Weekly Interest Rate and Term Interest Rate and each Flexible Segment by the Remarketing Agent shall be conclusive and binding upon the Remarketing Agent, the Trustee, the Paying Agent, the Issuer, the Company, the Owners of the Bonds and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

(g) RESCISSION OF ELECTION. Notwithstanding anything herein to the contrary, the Company may rescind any election by it to adjust to or, in the case of a Term Interest Rate Period, continue a Rate Period pursuant to Section 2.02(b), Section 2.02(c), Section 2.02(d) or Section 2.02(e) hereof prior to the effective date of such adjustment or continuation by giving written notice thereof to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) prior to such effective date. At the time that the Company gives notice of rescission, it may also elect in such notice to continue the Rate Period then in effect; *provided, however,* that if the Rate Period then in effect is a Term Interest Rate Period, the subsequent Term Interest Rate Period shall not be of a different duration than the Term Interest Rate Period then in effect unless the Company provides to the Trustee an approving opinion of Bond Counsel prior to the expiration of the then-current Term Interest Rate Period. If the Trustee receives notice of such rescission prior to the

time the Trustee has given notice to the Owners of the Bonds of the change in or continuation of Rate Periods pursuant to Section 2.02(b), Section 2.02(c), Section 2.02(d) or Section 2.02(e) hereof, then such notice of change in or continuation of Rate Periods shall be of no force and effect and shall not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of the Bonds pursuant to Section 2.02(b), Section 2.02(c), Section 2.02(d) or Section 2.02(e) hereof of an adjustment from other than a Term Interest Rate Period in excess of one year or an attempted adjustment from one Rate Period (other than a Term Interest Rate Period in excess of one year) to another Rate Period does not become effective for any other reason and if the Company does not elect to continue the Term Interest Rate Period then in effect, then the Rate Period for the Bonds shall automatically adjust to or continue in a Daily Interest Rate Period and the Trustee shall immediately give notice thereof to the Owners of the Bonds. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of the Bonds pursuant to Section 2.02(b), Section 2.02(c), Section 2.02(d) or Section 2.02(e) hereof of an adjustment from a Term Interest Rate Period in excess of one year to another Rate Period (including a Term Interest Rate Period of a different duration), or if an attempted adjustment from a Term Interest Rate Period in excess of one year to another Rate Period (including a Term Interest Rate Period of a different duration) does not become effective for any reason and if the Company does not elect to continue the Rate Period then in effect, then the Rate Period for the Bonds shall continue to be a Term Interest Rate Period of the same duration as the immediately preceding Term Interest Rate Period, subject to the second proviso contained in Section 2.02(d)(i); *provided* that if the Company delivers to the Trustee an approving opinion of Bond Counsel prior to the end of the then effective Term Interest Rate Period, the Rate Period for the Bonds shall be as directed by the Company in writing. If a Daily Interest Rate for the first day of any Daily Interest Rate Period to which a Rate Period is adjusted under this Section 2.02(g) is not determined as provided in Section 2.02(b)(i) hereof, the Daily Interest Rate for the first day of such Daily Interest Rate Period shall be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). The Trustee shall immediately give written notice of each such automatic adjustment to a Rate Period pursuant to this Section 2.02(g) to the Owners in the form provided in Section 2.02(b)(iii) hereof.

Notwithstanding the rescission by the Company of any notice to adjust or continue a Rate Period, if notice has been given to Owners pursuant to Section 2.02(b)(iii), Section 2.02(c)(iii), Section 2.02(d)(iii) or Section 2.02(e)(iii), the Bonds shall be subject to mandatory purchase as specified in such notice.

Section 2.03. Form of Bonds. The Bonds and the certificate of authentication to be executed thereon shall be in substantially the form attached hereto as *Exhibit A*, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture. Upon adjustment to a Term Interest Rate Period, the form of Bond may include a summary of the mandatory and optional redemption provisions to apply to the Bonds during such Term Interest Rate Period, or a statement to the effect that the Bonds will not be optionally redeemed during such Term Interest Rate Period, *provided* that the Registrar shall not authenticate such a revised Bond form prior to receiving an opinion of Bond Counsel that such Bond form satisfies the

requirements of the Act and of this Indenture and that authentication thereof will not adversely affect the Tax-Exempt status of the Bonds.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Issuer with the manual or facsimile signature of its Executive Officer and attested by the manual or facsimile signature of its Clerk, under the seal of the Issuer. Such seal may be in the form of a facsimile of the Issuer's seal and may be imprinted or impressed upon the Bonds. The Bonds shall then be delivered to the Registrar for authentication by it. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though those who signed and attested the same had continued to be such officers of the Issuer. Also, any Bond may be signed on behalf of the Issuer by such persons as on the actual date of the execution of such Bond shall be the proper officers although on the nominal date of such Bond any such person shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form of the Bond attached as *Exhibit A* hereto, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Registrar shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Upon authentication of any Bond, the Registrar shall set forth on such Bond (1) the date of such authentication and (2) in the case of a Bond bearing interest at a Flexible Interest Rate, such Flexible Interest Rate, the day next succeeding the last day of the applicable Flexible Segment, the number of days comprising such Flexible Segment and the amount of interest to accrue during such Flexible Segment.

Section 2.05. Transfer and Exchange of Bonds. Registration of any Bond may, in accordance with the terms of this Indenture, be transferred at the Principal Office of the Registrar, upon the books of the Registrar required to be kept pursuant to the provisions of Section 2.06 hereof, by the Person in whose name it is registered, in person or by its attorney duly authorized in writing, upon surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Registrar, duly executed. The Registrar shall require the payment by the Owner of the Bond requesting such transfer of any tax or other governmental charge required to be paid and there shall be no other charge to any Owners for any such transfer. Whenever any Bond shall be surrendered for registration of transfer, the Issuer shall execute and the Registrar shall authenticate and deliver a new Bond or Bonds of the same tenor and of Authorized Denominations. Except with respect to Bonds purchased pursuant to Sections 3.01 and 3.02 hereof, no registration of transfer of Bonds shall be required to be made for a period of fifteen (15) days next preceding the date on which the Trustee gives any notice of redemption, nor shall any registration of transfer of Bonds called for redemption be required.

Bonds may be exchanged at the Principal Office of the Registrar for a like aggregate principal amount of Bonds of the same tenor and of Authorized Denominations. The Registrar shall require the payment by the Owner of the Bond requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Owners for any such exchange. Except with respect to Bonds purchased pursuant to Section 3.01 and Section 3.02 hereof, no exchange of Bonds shall be required to be made for a period of fifteen (15) days next preceding the date on which the Trustee gives notice of redemption, nor shall any exchange of Bonds called for redemption be required.

The Issuer, the Registrar, the Trustee and any agent of the Issuer, the Registrar or the Trustee may treat the person in whose name the Bond is registered as the owner thereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not the Bond be overdue, and neither the Issuer, the Registrar, the Trustee, any paying agent nor any such agent shall be affected by notice to the contrary.

Section 2.06. Bond Register. The Registrar will keep or cause to be kept at its Principal Office sufficient books for the registration and the registration of transfer of the Bonds, which shall at all times, during regular business hours, be open to inspection by the Issuer, the Trustee, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Remarketing Agent and the Company; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on said books, Bonds as hereinbefore provided.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, upon the request and at the expense of the Owner of said Bond, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor and number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Registrar of the Bond so mutilated. Every mutilated Bond so surrendered to the Registrar shall be cancelled by it and destroyed and, upon the written request of the Issuer, a certificate evidencing such destruction shall be delivered to the Issuer. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer, the Company and the Registrar, and if such evidence shall be satisfactory to them and indemnity satisfactory to them shall be given, the Issuer, at the expense of the Owner, shall execute, and the Registrar shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Registrar may pay the same without surrender thereof). The Issuer may require payment of a reasonable fee for each new Bond issued under this Section 2.07 and payment of the expenses which may be incurred by the Issuer and the Registrar. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.08. Bonds; Limited Obligations. The Bonds, together with premium, if any, and interest thereon, shall be limited and not general obligations of the Issuer not constituting or giving rise to a pecuniary liability of the Issuer nor any charge against its general credit or taxing powers nor an indebtedness of or a loan of credit thereof within the meaning of any provision or limitation of the State constitution or statutes, shall be payable solely from the Revenues and other moneys pledged therefor under this Indenture, and shall be a valid claim of the respective Owners thereof only against the Bond Fund, the Revenues and other moneys held by the Trustee as part of the Trust Estate. The Issuer shall not be obligated to pay the purchase price of Bonds from any source.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against any past, present or future officer, elected official, agent or employee of the Issuer, or any incorporator, officer, director or member of any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or member as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of any of the Bonds.

Section 2.09. {Reserved}.

Section 2.10. Book-Entry System. (a) Unless otherwise determined by the Issuer, the Bonds shall be issued in the form of a separate single certificated fully registered Bond, registered in the name of Cede & Co., as nominee of DTC, or any successor nominee (the *"Nominee"*). The actual owners of the Bonds (the *"Beneficial Owners"*) will not receive physical delivery of Bond certificates except as provided herein. Except as provided in paragraph (d) below, all of the outstanding Bonds shall be so registered in the registration books kept by the Registrar, and the provisions of this Section 2.10 shall apply thereto.

(b) With respect to Bonds registered on the registration books kept by the Registrar in the name of the Nominee, the Issuer, the Company, the Paying Agent and the Trustee shall have no responsibility or obligation to any DTC Participant or the Beneficial Owners. Without limiting the immediately preceding sentence, the Issuer, the Company, the Paying Agent and the Trustee shall have no responsibility or obligation to DTC, any DTC Participant or any Beneficial Owner with respect to (1) the accuracy of the records of DTC, the Nominee or any DTC Participant with respect to any ownership interest in the Bonds, (2) the delivery by DTC or any DTC Participant of any notice with respect to the Bonds, including any notice of redemption, or (3) the payment to any DTC Participant or Beneficial Owner of any amount with respect to principal of, or premium, if any, or interest on, the Bonds. The Issuer, the Company, the Paying Agent and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, purchase price, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, and premium, if any, and

interest on, the Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Registrar, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, and premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Registrar, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Indenture.

(c) The Issuer, the Paying Agent, the Remarketing Agent and the Trustee shall execute and deliver to DTC a letter of representations in customary form with respect to the Bonds in book-entry form (the *"DTC Representation Letter"*), but such DTC Representation Letter shall not in any way limit the provisions of the foregoing paragraph (b) or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Registrar. The Trustee, the Remarketing Agent and the Paying Agent shall take all action necessary for all representations of the Issuer in the DTC Representation Letter with respect to the Trustee, the Remarketing Agent and the Paying Agent to be complied with at all times, including but not limited to, the giving of all notices required under the DTC Representation Letter.

(d) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee and discharging its responsibilities with respect thereto under applicable law. The Issuer, with the consent of the Company, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Issuer, at the expense of the Company, is obligated to deliver Bond certificates to the Beneficial Owners of such Bonds, as described in this Indenture, and such Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of the Nominee, but may be registered in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of or, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the DTC Representation Letter. Owners shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent which arises from the payment by the Paying Agent of principal of, or premium, if any, or interest on, the Bonds in immediately available funds to DTC.

(f) So long as any Bond is held in book-entry form, a Beneficial Owner (through its DTC Participant) shall give notice to the Trustee to elect to have its Bonds purchased, and shall effect delivery of such Bonds by causing such DTC Participant to transfer its interest in the Bonds equal to such Beneficial Owner's interest on the records of DTC to the Trustee's participant account with DTC. The requirement for physical delivery of the Bonds in connection with any purchase pursuant to Section 3.01 and Section 3.02 hereof shall be deemed satisfied

when the ownership rights in the Bonds are transferred by DTC Participants on the records of DTC.

(g) The provisions of this Section 2.10 are not intended to modify the obligations of the Company to any Bank or any Obligor on an Alternate Credit Facility under the Reimbursement Agreement.

ARTICLE III

PURCHASE AND REMARKETING OF BONDS

Section 3.01. Owner's Option to Tender for Purchase. (a) During any Daily Interest Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased at the option of the owner thereof on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the principal amount thereof), upon (i) delivery to the Trustee at the Delivery Office of the Trustee and to the Remarketing Agent at the Principal Office of the Remarketing Agent, by no later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable notice by telephone (promptly confirmed by telecopy or other writing), which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond and the date on which the same shall be purchased, and (ii) subject to Section 2.10(f) hereof, delivery of such Bond tendered for purchase to the Trustee at the Delivery Office of the Trustee, accompanied by an instrument of transfer thereof in a form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. at or prior to 1:00 p.m., New York time, on the purchase date. The Trustee shall keep a written record of each notice described in clause (i) above.

(b) During any Weekly Interest Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased at the option of the owner thereof on any Wednesday, or if such Wednesday is not a Business Day, the next succeeding Business Day, at a purchase price equal to 100% of the principal amount thereof plus accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the principal amount thereof), upon (i) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable written notice or an irrevocable notice by telephone (promptly confirmed by telecopy or other writing), by 5:00 p.m., New York time, on any Business Day, which states the principal amount of such Bond and the certificate number (if the Bonds are not then held in book-entry form) and the date on which the same shall be purchased, which date shall not be prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee, and (ii) subject to Section 2.10(f) hereof, delivery of such Bond to the Trustee at the Delivery Office of the Trustee, accompanied by an instrument of transfer thereof in a form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange,

Inc., at or prior to 1:00 p.m., New York time, on the purchase date. The Trustee shall keep a written record of each notice described in clause (i) above.

(c) Any Bond or portion thereof in an Authorized Denomination shall be purchased at the option of the owner thereof on the first day of any Term Interest Rate Period which is preceded by a Term Interest Rate Period of equal duration at a purchase price equal to (i) if the Bond is purchased on or prior to the Record Date, 100% of the principal amount thereof plus accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the principal amount thereof) or (ii) if the Bond is purchased after the Record Date, 100% of the principal amount thereof, upon (x) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable notice in writing by 5:00 p.m., New York time, on any Business Day not less than fifteen days before the purchase date, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased, and (y) subject to Section 2.10(f) hereof, delivery of such Bond to the Trustee at the Delivery Office of the Trustee, accompanied by an instrument of transfer thereof in a form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc., at or prior to 1:00 p.m. New York time, on the purchase date. The Trustee shall keep a written record of each notice described in clause (x) above.

(d) If any Bond is to be purchased in part pursuant to Section 3.01(a), Section 3.01(b) or Section 3.01(c) hereof, the amount so purchased and the amount not so purchased must each be an Authorized Denomination.

Section 3.02. Mandatory Purchase (a) Bonds shall be subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the purchase date described below, upon the occurrence of any of the events stated below:

(i) as to any Bond, on the effective date of any change in a Rate Period, other than the effective date of a Term Interest Rate Period which was preceded by a Term Interest Rate Period of the same duration;

(ii) as to each Bond in a Flexible Interest Rate Period, on the day next succeeding the last day of any Flexible Segment with respect to such Bond;

(iii) as to all of the Bonds, on the Business Day preceding an Expiration of the Term of the Letter of Credit or an Expiration of the Term of an Alternate Credit Facility; or

(iv) as to all of the Bonds, on the next succeeding Business Day following the day that the Trustee receives notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that, following a drawing on the Letter of Credit or the Alternate Credit Facility on an Interest Payment Date for the payment of unpaid interest on the Bonds, the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms.

(b) When Bonds are subject to redemption pursuant to Section 4.02(b)(iii) hereof, the Bonds are also subject to mandatory purchase on a day that the Bonds would be subject to redemption, at a purchase price equal to 100% the principal amount thereof plus an amount equal to any premium which would have been payable on such redemption date had the Bonds been redeemed if the Company gives notice to the Trustee on the day prior to the redemption date that it elects to have the Bonds purchased in lieu of redemption. If the Bonds are purchased on or prior to the Record Date, the purchase price shall include accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the amount specified in the preceding sentence). If the Bonds are purchased after the Record Date, the purchase price shall not include accrued interest.

(c) If the Bonds are subject to mandatory purchase pursuant to the provisions of Section 3.02(a)(iii) hereof, the Trustee shall give notice by Mail to the Remarketing Agent and to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar, not less than fifteen days prior to the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, which notice shall (i) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such Expiration; (ii) state whether or not any Substitute Letter of Credit or Alternate Credit Facility will be delivered in connection with such Expiration; (iii) if any Substitute Letter of Credit or Alternate Credit Facility is to be delivered, describe generally the Substitute Letter of Credit or Alternate Credit Facility to be in effect and state the effective date and the name of the provider thereof; (iv) state the date of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be; (v) state the rating or ratings, if any, which the Bonds are expected to receive from any rating agency following such Expiration; (vi) state that the Bonds are subject to mandatory purchase; (vii) state the purchase date; and (viii) state that the Bonds must be delivered to the Delivery Office of the Trustee subject to Section 2.10 hereof.

(d) If the Bonds are subject to mandatory purchase pursuant to the provisions of Section 3.02(a)(iv) hereof, the Trustee shall, immediately upon receipt of notice from the Bank or the Obligor on a Alternate Credit Facility, as the case may be, that the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms, give Electronic Notice and notice by overnight mail service to the Remarketing Agent and to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar, which notice shall (i) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such mandatory purchase; (ii) state that the Letter of Credit or the Alternate Credit Facility, as the case may be, is not being reinstated in accordance with its terms; (iii) state that the Bonds are subject to mandatory purchase; (iv) state the purchase date; and (v) state that the Bonds must be delivered to the Delivery Office of the Trustee subject to Section 2.10 hereof.

Section 3.03. Payment of Purchase Price. If Bonds are to be purchased pursuant to Section 3.01 or Section 3.02, the Trustee shall pay the purchase price of such Bonds but solely from the following sources in the order of priority indicated, and the Trustee shall not have any obligation to use funds from any other source:

(a) moneys which constitute Available Moneys and are furnished by the Company to the Trustee pursuant to Section 8.02 of the Agreement for purchase of Bonds;

(b) proceeds of the sale of such Bonds (other than Bonds sold to the Company, any subsidiary of the Company, any guarantor of the Company, or the Issuer or any "insider" (as defined in the United States Bankruptcy Code) of any of the aforementioned) pursuant to Section 3.04 hereof;

(c) moneys (which constitute Available Moneys or moneys provided pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be for the payment of the purchase price of the Bonds) furnished by the Trustee pursuant to Article VIII hereof, such moneys to be applied only to the purchase of Bonds which are deemed to be paid in accordance with Article VIII hereof;

(d) moneys furnished to the Trustee representing moneys provided pursuant to the Letter of Credit (or an Alternate Credit Facility, as the case may be) for the payment of the purchase price of the Bonds; and

(e) any other moneys furnished by the Company to the Trustee for purchase of the Bonds;

provided, however, that funds for the payment of the purchase price of Bonds which are deemed to be paid in accordance with Article VIII hereof shall be derived only from the sources described in Section 3.03(c).

The Registrar shall register new Bonds as directed by the Remarketing Agent and make such Bonds available for delivery on the date of such purchase. Payment of the purchase price of any Bond shall be made in immediately available funds for Bonds in Flexible, Daily or Weekly Interest Rate Periods, and in clearinghouse funds for Bonds in Term Interest Rate Periods, but (subject to Section 2.10(f) hereof) in each case only upon presentation and surrender of such Bond to the Trustee.

If moneys sufficient to pay the purchase price of Bonds to be purchased pursuant to Section 3.01 or Section 3.02 hereof shall be held by the Trustee on the date such Bonds are to be purchased, such Bonds shall be deemed to have been purchased and shall be purchased according to the terms hereof, for all purposes of this Indenture, irrespective of whether or not such Bonds shall have been delivered to the Trustee, and the former Owner of such Bonds shall have no claim thereon, under this Indenture or otherwise, for any amount other than the purchase price thereof.

Section 3.04. Remarketing of Bonds by Remarketing Agent. (a) Whenever any Bonds are subject to purchase pursuant to Section 3.01 or Section 3.02 hereof, the Remarketing Agent shall offer for sale and use its best efforts to remarket such Bonds to be so purchased, any such remarketing to be made at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Company may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some of or all of the Bonds. In the event the Remarketing Agent receives any moneys for the purchase price of remarketed bonds, the Remarketing Agent shall immediately pay such moneys to the Trustee for application in accordance with Section 3.06(d).

(b) The Remarketing Agent shall continue its efforts to remarket any Pledged Bonds without the Bank having tendered such Pledged Bonds, and any failure to timely pay principal of and interest on such Pledged Bonds to the Bank shall not constitute an Event of Default hereunder. The Remarketing Agent shall continue its efforts to remarket any Bonds held of record by the Obligor on the Alternate Credit Facility without such Obligor having tendered such Bonds, and any failure to timely pay principal of and interest on such Bonds to the Obligor on the Alternate Credit Facility shall not constitute an Event of Default hereunder. Upon the remarketing of Pledged Bonds or Bonds held of record by or on behalf of the Bank or the Obligor on an Alternate Credit Facility, as the case may be, the Remarketing Agent shall immediately provide telephonic notice, promptly confirmed in writing, of such remarketing to the Company, the Trustee and the Bank or the Obligor on an Alternate Credit Facility, specifying in said notice the aggregate principal amount, the purchase price (which shall include any accrued interest), the purchase date and the purchaser thereof, and thereupon the Trustee or the Bank or the Obligor on an Alternate Credit Facility, whichever has possession of such Bonds, shall, subject to Section 3.06(a)(ii) and Section 3.06(a)(iii) hereof, immediately release such Bonds to the Trustee.

(c) If the Remarketing Agent is remarketing Bonds after the date notice has been given of the redemption of such Bonds pursuant to Section 4.02 or 4.03 hereof (and prior to the redemption date thereof), the Remarketing Agent shall provide to the Trustee the names of the Persons to whom the Bonds are being remarketed so that the Trustee can provide the notice required by Section 3.05(a) hereof.

(d) Promptly, but not later than 11:30 a.m., New York time, on the Business Day following the day on which the Trustee receives notice from any Owner of its demand to have the Trustee purchase Bonds pursuant to Section 3.01(b) or Section 3.01(c) hereof, the Trustee shall give facsimile or telephonic notice, confirmed in writing thereafter, to the Remarketing Agent specifying the principal amount of Bonds which such Owner has demanded to have purchased and the date on which such Bonds are demanded to be purchased.

Section 3.05. Limit on Remarketing. (a) Any Bond purchased pursuant to Sections 3.01 and 3.02 hereof from the date notice is given of redemption pursuant to Sections 4.02 and 4.03 hereof through the date of such redemption shall not be remarketed unless the Person buying such Bonds has been given notice in writing by the Trustee that such Bonds are to be redeemed. Furthermore, in addition to the requirements of the preceding sentence, if the Bonds are subject to redemption pursuant to Section 4.03(b) hereof, the Person buying such Bonds shall also be

given notice in writing by the Trustee that a Determination of Taxability has occurred and that such Bonds are subject to mandatory redemption pursuant to Section 4.03(b) hereof.

(b) Bonds purchased pursuant to Sections 3.01 and 3.02 hereof shall not be redeemed but shall remain Outstanding and shall be remarketed by the Remarketing Agent or its successor.

Section 3.06. Delivery of Bonds; Delivery of Proceeds of Sale; Payments From Letter of Credit or Alternate Credit Facility.

(a) DELIVERY OF BONDS. Bonds purchased pursuant to Section 3.01 or Section 3.02 hereof shall be delivered as follows:

(i) *Delivery of Remarketed Bonds.* Subject to Section 2.10 hereof, Bonds remarketed by the Remarketing Agent pursuant to Section 3.04 hereof shall be delivered by the Trustee to the purchasers thereof; *provided, however,* no Bonds shall be delivered to any Person until it shall have paid the purchase price therefor.

(ii) *Delivery of Pledged Bonds.* Bonds delivered to the Trustee and purchased with moneys provided pursuant to the Letter of Credit shall constitute Pledged Bonds, and shall be held by the Trustee for the benefit of the Bank in a separate and segregated account to be designated as the *"Lincoln County, Wyoming, Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1991 — Custody Account"* (the *"Custody Account"*). Notwithstanding anything herein to the contrary, if the Trustee holds Pledged Bonds in the Custody Account as agent of the Bank, the Trustee shall not release to the purchaser thereof or to the Remarketing Agent Pledged Bonds remarketed pursuant to Section 3.04(b) hereof unless the Trustee shall have received written notice (which may be given by telefacsimile) from the Bank that it has been paid in full for the Pledged Bonds and that the Letter of Credit has been reinstated.

(iii) *Delivery of Bonds Purchased by the Obligor on an Alternate Credit Facility.* Bonds delivered to the Trustee and purchased with moneys drawn on an Alternate Credit Facility shall be deemed owned by the Company (for purposes of granting a first priority lien upon such Bonds) and shall be delivered by the Trustee to or at the direction of the Obligor on the Alternate Credit Facility. Notwithstanding anything herein to the contrary, if the Trustee holds, as agent of the Obligor on the Alternate Credit Facility, Bonds pledged pursuant to the pledge agreement with respect thereto, the Trustee shall not release to the purchaser thereof or to the Remarketing Agent such pledged bonds remarketed pursuant to Section 3.04(b) hereof unless the Trustee shall have received written notice (which may be given by telecopy) from the Obligor on the Alternate Credit Facility that the Obligor on the Alternate Credit Facility has been paid in full for the Pledged Bonds and that the Letter of Credit has been reinstated.

(iv) *Delivery of Bonds Purchased by the Company.* Bonds delivered to the Trustee and purchased with moneys furnished by the Company shall, at the direction of the Company, be (A) held by the Trustee for the account of the Company, (B) delivered to the Trustee for cancellation or (C) delivered to the Company.

(v) *Delivery of Defeased Bonds.* Bonds purchased by the Remarketing Agent with moneys described in Section 3.03(c) hereof shall not be remarketed and shall be delivered to the Trustee for cancellation.

(b) REGISTRATION OF DELIVERED BONDS. Bonds delivered as provided in this Section 3.06 shall be registered in the manner directed by the recipient thereof.

(c) NOTICE OF FAILED REMARKETING. In the event that any Bonds are not remarketed, the Remarketing Agent shall inform the Trustee in writing (which may be delivered by telecopy) no later than 11:30 a.m., New York, New York time, on any day on which Bonds are delivered or deemed delivered for purchase under this Indenture, of the aggregate principal amount of Bonds not remarketed on such date and the aggregate principal amount of Bonds remarketed on such date but for which the purchase price has not been paid (which Bonds for purposes of this Indenture shall be considered to not be remarketed). After the receipt of such notice or if the Trustee has not received such notice by such time, the Trustee shall, by 12:00 noon, New York, New York time, on the purchase date, take the action specified in the Letter of Credit or an Alternate Credit Facility, as the case may be, to the extent necessary, after taking into account moneys referred to in Section 3.03(a), Section 3.03(b) and Section 3.03(c) hereof, as the case may be, to receive the moneys required to pay the purchase price of such Bonds.

(d) PROCEEDS OF SALE HELD FOR SELLER OF BONDS. Moneys deposited with the Trustee for the purchase of Bonds pursuant to Section 3.01 and Section 3.02 hereof shall be held uninvested in trust in one or more separate accounts, which shall be Eligible Accounts, and shall be paid to the former Owners of such Bonds upon presentation thereof. The Trustee shall notify the Company in writing within five days after the date of purchase if the Bonds have not been delivered, and if so directed by the Company, shall give notice by Mail to each Owner whose Bonds are deemed to have been purchased pursuant to Section 3.01 and Section 3.02 hereof stating that interest on such Bonds ceased to accrue on the date of purchase and that moneys representing the purchase price of such Bonds are available against delivery thereof at the Delivery Office of the Trustee. Bonds deemed purchased pursuant to Section 3.01 and Section 3.02 hereof shall cease to accrue interest on the date of purchase. The Trustee shall hold moneys deposited for the purchase of Bonds without liability for interest thereon, for the benefit of the former Owner of the Bond on such date of purchase, who shall thereafter be restricted exclusively to such moneys for any claim of whatever nature on its part under this Indenture or on, or with respect to, such Bond. Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds within six months after such date of purchase shall be paid by the Trustee to the Company upon the written direction of the Authorized Company Representative, and thereafter the former Owners shall be entitled to look only to the Company for payment, and then only to the extent of the amount so repaid to the Company, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 3.07. No Remarketing Sales After Certain Events. Anything in this Indenture to the contrary notwithstanding, at any time during which the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, there shall be no sales of Bonds pursuant to a remarketing in accordance with Section 3.04 hereof, if (a) there shall have occurred and not have

been cured or waived an Event of Default described in Section 9.01(a), Section 9.01(b) or Section 9.01(c) hereof of which an authorized officer in the Principal Office of the Remarketing Agent and an authorized officer of the Trustee have actual knowledge or (b) the Bonds have been declared to be immediately due and payable pursuant to Section 9.02 hereof and such declaration has not been rescinded pursuant to Section 9.02(d) hereof.

Section 3.08. Pledged Bonds. If a beneficial interest in a Bond is purchased with moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, pursuant to the provisions hereof, that beneficial interest shall be designated on the books of the Remarketing Agent as a Pledged Bond until released as herein provided. Provided there is no Event of Default under this Indenture, the Remarketing Agent shall use its best efforts to remarket beneficial interests in Pledged Bonds. If the Remarketing Agent remarkets any beneficial interest in a Pledged Bond, the Remarketing Agent shall give Electronic Notice to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of such remarketing, and shall direct the purchaser of such beneficial interest to transfer, by 12:00 noon, New York time, on the purchase date, the purchase price of such remarketed beneficial interest to the Trustee for deposit into the Custody Account. The Trustee shall immediately give Electronic Notice to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Remarketing Agent of the receipt of the purchase price for such beneficial interest in such Pledged Bond, which Electronic Notice shall also request the Bank promptly advise the Trustee and the Company of amounts that remain due and owing to the Bank pursuant to the Reimbursement Agreement as a result of a draw on the Letter of Credit or to the Obligor on an Alternate Credit Facility under the Alternate Credit Facility, as the case may be. Upon receipt by the Trustee of such purchase price and written notice (which may be given by telefacsimile) from the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of the reinstatement of the Letter of Credit or the Alternate Credit Facility, as the case may be, such Pledged Bond shall be considered released from the pledge to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be). The Trustee shall immediately transfer such purchase price to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) upon receipt thereof to the extent that amounts remain due and owing the Bank pursuant to the Reimbursement Agreement as a result of a draw on the Letter of Credit or the Obligor on an Alternate Credit Facility under the Alternate Credit Facility, as the case may be, and give all required notices, in accordance with the terms of the Letter of Credit or the Alternate Credit Facility, as the case may be. If moneys remain on deposit with the Trustee in the Custody Account after payment is made to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of all amounts due and owing to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) in accordance with the preceding sentence, such moneys shall be paid to, or upon the order of, the Company.

If the Bonds are no longer held in a book-entry only system and a Bond is purchased with moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, hereunder, that Bond shall be delivered to and held by the Trustee in the Custody Account. Any Bond so delivered to the Trustee shall be registered in the name of the Company, or, at the request of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), in the name of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) or its nominee, and shall thereafter constitute a Pledged Bond until released as herein provided.

Provided there is no Event of Default under this Indenture, the Remarketing Agent shall use its best efforts to remarket Pledged Bonds. If the Remarketing Agent remarkets any Pledged Bond, the Remarketing Agent shall give Electronic Notice to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of such remarketing and shall direct the purchaser of such Pledged Bond to transfer, by 12:00 noon, New York time, on the purchase date, the purchase price of such remarketed Pledged Bond to the Trustee for deposit into the Custody Account. The Trustee shall immediately give Electronic Notice to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of the receipt of the purchase price for such Pledged Bond, which Electronic Notice shall also request the Bank promptly advise the Trustee and the Company of amounts that remain due and owing to the Bank pursuant to the Reimbursement Agreement as a result of a draw on the Letter of Credit or to the Obligor on an Alternate Credit Facility under the Alternate Credit Facility, as the case may be. Upon receipt by the Trustee of such purchase price and written notice (which may be given by telefacsimile) from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that the Letter of Credit or Alternate Credit Facility has been reinstated, such Pledged Bond shall be considered released from the pledge of the Bank. The Trustee shall transfer such purchase price to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) upon receipt thereof to the extent that amounts remain due and owing to the Bank pursuant to the Reimbursement Agreement as a result of a draw on the Letter of Credit or to the Obligor on an Alternate Credit Facility under the Alternate Credit Facility, as the case may be, and give all required notices, in accordance with the terms of the Letter of Credit or the Alternate Credit Facility, as the case may be. If moneys remain on deposit with the Trustee in the Custody Account after payment is made to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) of all amounts due and owing to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) in accordance with the preceding sentence, such moneys shall be paid to, or upon the order of, the Company. The Trustee shall deliver the remarketed Pledged Bonds to the purchasers thereof in accordance with Section 3.06(a)(i) hereof.

To the extent amounts are due and owing to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) under the Reimbursement Agreement, the proceeds of the remarketing of Pledged Bonds (or beneficial interests therein) shall be deposited into the Custody Account and held by the Trustee for the account of, and solely for, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), shall not be commingled with any other moneys held by the Trustee, as appropriate, and shall be paid over immediately to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

On each Interest Payment Date prior to the release of Pledged Bonds (or beneficial interests therein) held by the Remarketing Agent or by the Trustee, the Trustee shall (i) if the Bonds are held in a book-entry only system, cause the Remarketing Agent to notify DTC that the Remarketing Agent has waived payment on such Interest Payment Date with respect to such Pledged Bonds, and that the Trustee shall be paying the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) with respect thereto directly from the Bond Fund, and (ii) whether or not the Bonds are held in a book-entry only system, apply moneys on deposit in the Bond Fund to the payment of the principal of and interest on such Pledged Bonds through direct transfer thereof to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) (receipt of which payment shall promptly be acknowledged by the Bank (or the Obligor on

an Alternate Credit Facility, as the case may be) by Electronic Notice to the Trustee and the Remarketing Agent). Under no circumstances shall the Trustee either (i) draw on the Letter of Credit or use moneys in the Letter of Credit Fund for purposes of making any payment with respect to Pledged Bonds, or (ii) apply moneys on deposit in the Bond Fund for transfer to DTC in payment of any Pledged Bond.

It is recognized and agreed by the Remarketing Agent and the Trustee that each Pledged Bond (or beneficial interest therein) is held for the benefit of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) pursuant to the terms of the Reimbursement Agreement.

If any Bonds constitute Pledged Bonds due to a failure in remarketing such Bonds on a mandatory tender date, the Remarketing Agent shall be entitled to determine a new Daily Interest Rate, Weekly Interest Rate or Flexible Interest Rate with respect to such Bonds, as appropriate (under the conditions and subject to the limitations provided above), effective on such date as the Remarketing Agent is able to remarket such Pledged Bonds in whole. Such new rate with respect to such Bonds shall be established by the Remarketing Agent in its sole judgment having due regard for prevailing financial market conditions at the lowest rate which will permit the Pledged Bonds to be sold at a price of par plus accrued interest to such delivery date. The determination of a new Daily Interest Rate, Weekly Interest Rate or Flexible Interest Rate with respect to such Bonds, as appropriate, by the Remarketing Agent shall be conclusive and binding upon the Issuer, the Company, the Trustee, the Bank and the Owners of the Bonds.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds Generally. The Bonds are subject to redemption if and to the extent the Company is entitled or required to make and makes a prepayment pursuant to Article VIII of the Agreement. The Trustee shall not give notice of any redemption under Section 4.05 hereof unless the Company has so directed in accordance with Section 8.01 of the Agreement; *provided* that the Trustee may require prepayment of Loan Payments under Section 4.01 of the Agreement in the case of mandatory redemption.

Section 4.02. Redemption upon Optional Prepayment. (a) The Bonds shall be redeemed in whole or in part, and if in part by lot, at any time at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date upon receipt by the Trustee of a written notice from the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility if required by the Alternate Credit Facility)) stating that any of the following events has occurred and that the Company therefore intends to exercise its option to prepay the payments due under the Agreement in whole or in part pursuant to Section 8.01 of the Agreement and thereby effect the redemption of Bonds in whole or in part to the extent of such prepayments:

(i) the Company shall have determined that the continued operation of the Plant is impracticable, uneconomical or undesirable for any reason; or

(ii) the Company shall have determined that the continued operation of the Project is impracticable, uneconomical or undesirable due to (A) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as such Project, or other liabilities or burdens with respect to such Project or the operation thereof, (B) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (C) destruction of or damage to all or part of such Project; or

(iii) all or substantially all of the Project or the Plant shall have been condemned or taken by eminent domain; or

(iv) the operation of the Project or the Plant shall have been enjoined or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

(b) The Bonds shall be subject to redemption upon prepayment of the Loan Payments at the option of the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility if required by the Alternate Credit Facility)), in whole, or in part by lot, prior to their maturity dates, as follows:

(i) While the Bonds bear interest at a Flexible Interest Rate or Rates, each Bond shall be subject to such redemption on the day next succeeding the last day of each Flexible Segment for such Bond at a redemption price equal to 100% of the principal amount thereof.

(ii) While the Bonds bear interest at a Daily Interest Rate or a Weekly Interest Rate, the Bonds shall be subject to such redemption on any Business Day at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

(iii) While the Bonds bear interest at a Term Interest Rate Period, the Bonds shall not be subject to such redemption at any time during such Term Interest Rate Period; *provided however*, in conjunction with an adjustment to a Term Interest Rate Period, the Company, in accordance with Section 4.02(c), may specify applicable redemption provisions, prices and periods.

(c) With respect to any Term Interest Rate Period, the Company may specify in the notice required by Section 2.02(d)(ii) hereof redemption provisions, prices and periods applicable during said Term Interest Rate Period; *provided, however,* that such notice shall be accompanied by an opinion of Bond Counsel to the effect that such changes (i) are authorized or permitted by the Act and this Indenture, and (ii) will not adversely affect the Tax-Exempt status of the Bonds.

Section 4.03. Redemption upon Mandatory Prepayment. (a) The Bonds shall be subject to mandatory redemption as herein provided upon the occurrence of the events specified below in this Section 4.03.

(b) Subject to Section 6.03, the Bonds shall be redeemed in whole on any date from amounts which are to be prepaid by the Company under Section 8.03 of the Agreement, at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the redemption date within one hundred eighty (180) days following a Determination of Taxability; *provided* that if, in the opinion of Bond Counsel delivered to the Trustee, the redemption of a specified portion of the Bonds outstanding would have the result that interest payable on the Bonds remaining outstanding after such redemption would remain Tax-Exempt, then the Bonds shall be redeemed in part by lot (in Authorized Denominations), in such amount as Bond Counsel in such opinion shall have determined is necessary to accomplish that result.

(c) The Trustee shall give notice of any redemption made pursuant to Section 4.02 or Section 4.03 hereof as provided in Section 4.05 hereof.

Section 4.04. Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption the Trustee shall select the Bonds or any given portion thereof to be redeemed, from the outstanding Bonds or such given portion thereof not previously called for redemption, by lot. For the purpose of any such selection the Trustee shall assign a separate number for each minimum Authorized Denomination of each Bond of a denomination of more than such minimum; *provided* that, following any such selection, both the portion of such Bond to be redeemed and the portion remaining shall be in Authorized Denominations. The Trustee shall promptly notify the Issuer and the Company in writing of the numbers of the Bonds or portions thereof so selected for redemption. Notwithstanding the foregoing provisions, Pledged Bonds shall be redeemed prior to any other Bonds.

Section 4.05. Notice of Redemption. (a) The Trustee, for and on behalf of the Issuer, shall give notice of any redemption by Mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to (i) the Owner of such Bond at the address shown on the registration books of the Registrar on the date such notice is mailed; (ii) the Remarketing Agent, (iii) the Insurer; (iv) the Bank or the Obligor on an Alternate Credit Facility, as the case may be; (v) Moody's, if the Bonds are then rated by Moody's; (vi) S&P, if the Bonds are then rated by S&P; (vii) the Securities Depositories; (viii) one or more Information Services; and (ix) the Company Mortgage Trustee. Notice of redemption shall also be given to DTC in accordance with the DTC Representation Letter. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds to be redeemed, the redemption date, the redemption price, the place of redemption (including the name and appropriate address or addresses of the Paying Agent), the principal amount, the CUSIP number (if any) of the maturity and, if less than all, the distinctive certificate numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that the interest on the Bonds designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount

thereof to be redeemed, interest accrued thereon, if any, to the redemption date and the premium, if any, thereon (such premium to be specified) and shall require that such Bonds be then surrendered at the address or addresses of the Paying Agent specified in the redemption notice. Notwithstanding the foregoing, failure by the Trustee to give notice pursuant to this Section 4.05 to the Company Mortgage Trustee, the Insurer or to any one or more of the Information Services or Securities Depositories or the insufficiency of any such notices shall not affect the sufficiency of the proceedings for redemption. Failure to mail the notices required by this Section 4.05 to any Owner of any Bonds designated for redemption, the Insurer or the Company Mortgage Trustee or any Securities Depository or Information Service, or any defect in any notice so mailed, shall not affect the validity of the proceedings for redemption of any Bonds and shall not extend the period for making elections or in any way change the rights of the holders of the Bonds to elect to have their Bonds purchased as provided herein.

(b) With respect to any notice of redemption of Bonds in accordance with Section 4.02 hereof, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article VIII hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of Available Moneys sufficient to pay the principal of, and premium, if any, and interest on, such Bonds to be redeemed, which Available Moneys must remain Available Moneys at all times they are held by the Trustee and constitute Available Moneys when used to pay the principal of, and premium, if any, and interest on such bonds to be redeemed. In the event such Available Moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such redemption will not take place.

(c) The Trustee shall also provide the notices with respect to Bonds to be redeemed as required by Section 3.05(a) hereof.

Section 4.06. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Registrar shall exchange the Bond redeemed for a new Bond of like tenor and in an Authorized Denomination without charge to the Owner in the principal amount of the portion of the Bond not redeemed. In the event of any partial redemption of a Bond which is registered in the name of Cede & Co., DTC may elect to make a notation on the Bond certificate which reflects the date and amount of the reduction in the principal amount of said Bond in lieu of surrendering the Bond certificate to the Registrar for exchange. The Issuer and the Trustee shall be fully released and discharged from all liability to the extent of payment of the redemption price for such partial redemption.

Section 4.07. No Partial Redemption After Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default (other than an Event of Default described in Section 9.01(d) hereof) of which an authorized officer of the Trustee has actual knowledge, there shall be no redemption of less than all of the Bonds at the time Outstanding other than a redemption pursuant to Section 4.03(b) hereof.

Section 4.08. Payment of Redemption Price. For the redemption of any of the Bonds, the Issuer shall cause to be deposited in the Bond Fund, solely out of the Revenues and any other

moneys constituting the Trust Estate and which, if the redemption is being made pursuant to Section 4.02 hereof, constitute Available Moneys, an amount sufficient to pay the principal, premium, if any, and interest to become due on the Bonds called for redemption on the date fixed for such redemption. The obligation of the Issuer to cause any such deposit to be made hereunder shall be reduced by the amount of moneys in the Bond Fund or any fund in Article VIII hereof available for and used on such redemption date for payment of the principal of, and premium, if any, and accrued interest on, the Bonds to be redeemed. The Trustee shall apply amounts as and when required available therefor in the Bond Fund or the Letter of Credit Fund to pay principal of, and premium, if any, and interest on, the Bonds.

Section 4.09. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price being held by the Trustee, the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, without interest accrued on any funds held to pay such redemption price accruing after the date of redemption.

All Bonds fully redeemed pursuant to the provisions of this Article IV shall be cancelled upon surrender thereof to the Paying Agent, which shall, upon the written request of the Issuer, deliver to the Issuer a certificate evidencing such cancellation.

ARTICLE V

GENERAL COVENANTS; FIRST MORTGAGE BONDS AND INSURANCE POLICY

Section 5.01. Payment of Principal, Premium, if any, and Interest; Limited Obligations. (a) Each and every covenant made herein by the Issuer is predicated upon the condition that the Issuer shall not in any event be liable for the payment of the principal of, or premium, if any, or interest on the Bonds, or for the payment of the purchase price of the Bonds, or the performance of any pledge, mortgage, obligation or agreement created by or arising under this Indenture or the Bonds from any property other than the Trust Estate; and, further, that neither the Bonds nor any such obligation or agreement of the Issuer shall be construed to constitute an indebtedness or a lending of credit of the Issuer within the meaning of any constitutional or statutory provision whatsoever, or constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power. Notwithstanding any contrary term or provision in this Indenture, the Bonds or the Agreement or any document or certificate related thereto or to the transactions contemplated thereby, under no circumstances will the Issuer have any obligation, responsibility or liability with respect to the Pollution Control Facilities, the Agreement, this Indenture, the Bonds or the Preliminary Official Statement dated January 9, 1991, the final Official Statement dated January 17, 1991 (collectively, the *"Official Statement"*), and the Reoffering Circular dated May 25, 2010, circulated with respect to the Bonds, except for the special limited obligation set forth in this Indenture and the Agreement whereby the Bonds are payable solely from amounts derived from the Company, the Insurance Policy and the Letter of Credit or an

Alternate Credit Facility, as the case may be, and the Issuer will have no obligation or responsibility for any payments with respect to the Bonds in the event such amounts paid to the Trustee or the Owners are for any reason insufficient to pay amounts owed with respect to the Bonds. Nothing contained in this Indenture, the Bonds or the Agreement, or in any other related document shall be construed to require the Issuer to operate, maintain or have any responsibility with respect to the Pollution Control Facilities or to conduct any business enterprise in connection therewith. The Issuer has no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse shall be had against any past, present or future commissioner, officer, employee, official, or agent of the Issuer under this Indenture, the Bonds, the Agreement or any related document. The Issuer has no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds. The Issuer has no obligation or responsibility with respect to the Official Statement except for the information with respect to the Issuer contained under the caption "THE ISSUER" and the information with respect to the Issuer contained under the caption "LITIGATION."

(b) The Issuer covenants that it will promptly pay or cause to be paid the principal of, and premium, if any, and interest on, every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds, *provided* that the principal, premium, if any, and interest are payable by the Issuer solely from the Revenues, and nothing in the Bonds or this Indenture shall be considered as assigning or pledging any other funds or assets of the Issuer other than the Trust Estate.

(c) For the payment of interest on the Bonds, the Issuer shall cause to be deposited in the Interest Account or the Letter of Credit Fund on or prior to each Interest Payment Date, solely out of Revenues and other moneys pledged therefor, an amount sufficient to pay the interest to become due on such Interest Payment Date.

(d) For payment of the principal of the Bonds upon redemption, maturity or acceleration of maturity, the Issuer shall cause to be deposited in the Principal Account, on or prior to the redemption date or the maturity date (whether accelerated or not) of the Bonds, solely out of Revenues and other moneys pledged therefor, an amount sufficient to pay the principal of the Bonds. The obligation of the Issuer to cause any such deposit to be made hereunder shall be reduced by the amount of moneys in the Principal Account available on the redemption date or the maturity date (whether accelerated or not) for the payment of the principal of the Bonds.

Section 5.02. Performance of Covenants by Issuer; Authority; Due Execution. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State to issue the Bonds and to execute this Indenture, to execute and deliver the Agreement, to assign the Agreement and amounts payable thereunder, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth. The Issuer further represents that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and

effectively taken, and that the Bonds in the hands of the Owners thereof are and will be valid and binding limited obligations of the Issuer.

The Issuer shall fully cooperate with the Trustee and with the Owners of the Bonds to the end of fully protecting the rights and security of the Owners of any Bonds.

The Issuer represents that it now has, and covenants that it shall use its best efforts to maintain, complete and lawful authority and privilege to enter into and perform its obligations under this Indenture and the Agreement, and covenants that it will at all times use its best efforts to maintain its existence or provide for the assumption of its obligations under this Indenture and the Agreement.

Except to the extent otherwise provided in this Indenture, the Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Owners of the Bonds may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be reasonably required to carry out the purposes of this Indenture.

Section 5.03. Immunities and Limitations of Responsibility of Issuer; Remedies. (a) The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Owner of Bonds), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment made by it in good faith. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless reasonable indemnity satisfactory to it is furnished for any expense or liability to be incurred thereby, other than liability for failure to meet the standards set forth in this Section 5.03. As provided herein and in the Agreement, the Issuer shall be entitled to reimbursement for its expenses reasonably incurred or advances reasonably made, with interest at a rate per annum equal to the rate of interest then in effect and as announced by the Trustee as its prime lending rate for domestic commercial loans in the city in which is located the Principal Office of the Trustee, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which it may have shall be construed as a requirement to act, and no delay in the exercise of a right or power shall affect its subsequent exercise of that right or power.

(b) Notwithstanding any contrary provision in this Indenture, the Issuer shall have the right to take any action or make any decision with respect to proceedings for indemnity against the liability of the Issuer and for collection or reimbursement from sources other than moneys or property held under this Indenture or subject to the lien hereof. The Issuer may enforce its rights under the Agreement by legal proceedings for the specific performance of any obligation contained therein or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Company of its obligations to the Issuer under the Agreement, including court costs, reasonable attorney fees and other costs and expenses incurred in enforcing such obligations.

(c) The Issuer shall not be required to monitor the financial condition of the Company or the physical condition of the Project or any other matter with respect to the Project and, unless otherwise expressly provided, shall not have any responsibility with respect to notices, certificates or other documents filed with it pursuant to this Indenture, the Agreement and any Tax Certificate. The Issuer shall not be responsible for the payment from any source other than moneys paid to it by the Company or held by the Trustee under this Indenture of any rebate to the United States under Section 148(f) of the Code. The Issuer, upon written request of the Owners or the Trustee, and upon receipt or reasonable indemnity for expenses or liability, shall cooperate to the extent reasonably necessary to enable the Trustee to exercise any power granted to the Trustee by this Indenture. The Issuer will not unreasonably withhold any approval or consent to be given by it hereunder.

(d) The Trustee and the Company further understand and agree that the Issuer is a governmental entity and does not waive any claims or defenses that it may have in the event of litigation, including, but not limited to, governmental immunity.

Section 5.04. Defense of Issuer's Rights. The Issuer agrees that the Trustee may defend the Issuer's rights to the payments and other amounts due under the Agreement, for the benefit of the Owners of the Bonds, against the claims and demands of all persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming to the Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of, and premium, if any, and interest on, the Bonds. The Issuer covenants and agrees that, except as herein and in the Agreement provided, it will not sell, convey, assign, pledge, encumber or otherwise dispose of any part of the Trust Estate.

Section 5.05. Recording and Filing; Further Instruments. (a) The Issuer and the Trustee shall cooperate with the Company in causing to be filed and recorded all documents, notices and financing statements related to this Indenture and to the Agreement which are necessary, as required by law, in order to perfect the lien of this Indenture. Concurrently with the execution and delivery of the Bonds, in accordance with the requirements of Section 5.04 of the Agreement, the Company shall cause to be delivered to the Trustee an opinion of counsel (i) stating that, in the opinion of such counsel, either (A) such action has been taken, as set forth therein, with respect to the recording and filing of such documents, notices and financing

statements as is necessary to perfect the lien of this Indenture, or (B) no such action is necessary to perfect such lien, and (ii) stating the requirements for the filing of continuation statements or other documentation or notices in order to maintain the perfection of the lien of this Indenture.

(b) The Issuer shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instruments and take such further action as may be reasonable (and consistent with the Bond Documents) and as may be required to effectuate the purposes of this Indenture or any provisions hereof, *provided, however,* that no such instruments or actions shall pledge the general credit or the full faith of the Issuer.

Section 5.06. Rights Under Agreement. The Agreement, duly executed counterparts of which have been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the Company, including provisions that, subsequent to the issuance of the Bonds and prior to the payment in full or provision for payment thereof in accordance with the provisions hereof, the Agreement (except as expressly provided therein) may not be effectively amended, changed, modified, altered or terminated without the concurring written consent of the Trustee, as provided in Article XII hereof, and reference is hereby made to the Agreement for a detailed statement of such covenants and obligations of the Company, and the Issuer agrees that the Trustee in its name or (to the extent required by law) in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Agreement, whether or not the Issuer is in default hereunder. The Issuer shall cooperate with the Trustee in enforcing the obligations of the Company to pay or cause to be paid all amounts payable by the Company under the Agreement.

Section 5.07. Arbitrage and Tax Covenants. The Issuer shall not use or permit the use of any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any Revenues in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, or which would otherwise adversely affect the Tax-Exempt status of the Bonds.

The Issuer shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that the Bonds remain Tax-Exempt.

Section 5.08. No Disposition of Trust Estate. Except as permitted by this Indenture, the Issuer shall not sell, lease, pledge, assign or otherwise encumber or dispose of its interest in the Trust Estate and will promptly pay (but only from the Revenues) or cause to be discharged, or make adequate provision to discharge, any lien or charge on any part thereof not permitted hereby.

Section 5.09. Access to Books. All books and documents in the possession of the Issuer relating to the Project, the Revenues and the Trust Estate shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee or the Bank or the Obligor on an Alternate Credit Facility, as the case may be, may from time to time designate.

Section 5.10. Source of Payment of Bonds. The Bonds are not general obligations of the Issuer but are limited obligations payable solely from the Revenues. The Revenues have been pledged and assigned as security for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, and premium, if any, and interest on, the Bonds, except as may be otherwise expressly authorized in this Indenture or the Agreement.

Section 5.11. No Transfer of First Mortgage Bonds. The Trustee shall not sell, assign or transfer the First Mortgage Bonds except to a successor trustee under this Indenture. The First Mortgage Bonds may be held by and registered in the name of the Trustee's nominee without violating the provisions of the preceding sentence, *provided* that such nominee is under the control of the Trustee and that the ability of the Trustee to perform its obligations hereunder and under the Pledge Agreement will not be adversely affected thereby.

Section 5.12. Voting of First Mortgage Bonds. The Trustee shall, as the holder of the First Mortgage Bonds, attend such meeting or meetings of bondholders under the Company Mortgage or, at its option, deliver its proxy in connection therewith, as related to matters with respect to which it is entitled to vote or consent. So long as no Event of Default shall have occurred and be continuing, either at any such meeting or meetings, or otherwise when the consent of the holders of the first mortgage and collateral trust bonds issued under the Company Mortgage is sought without a meeting, the Trustee shall vote as the holder of the First Mortgage Bonds, or shall consent with respect thereto, proportionately with the vote or consent of the holders of all other first mortgage and collateral trust bonds of the Company then outstanding under the Company Mortgage, the holders of which are eligible to vote or consent, as indicated in a Bondholder's Certificate (as hereinafter defined) delivered to the Trustee; *provided, however,* that the Trustee shall not vote as such holder in favor of, or give its consent to, any amendment or modification of the Company Mortgage which, if it were an amendment or modification of this Indenture, would not be described in Section 12.01 hereof without obtaining the prior consents and approvals required by Section 12.02 hereof.

For purposes of this Section 5.12, *"Bondholder's Certificate"* means a certificate signed by the temporary chairman, the temporary secretary, the permanent chairman, the permanent secretary, or an inspector of votes at any meeting or meetings of bondholders under the Company Mortgage, or by the Company Mortgage Trustee in the case of consents of such bondholders which are sought without a meeting, which states what the signer thereof reasonably believes will be the proportionate votes or consents of the holders of all first mortgage and collateral trust bonds (other than the First Mortgage Bonds) outstanding under the Company Mortgage and counted for the purposes of determining whether such bondholders have approved or consented to the matter put before them.

Any action taken by the Trustee in accordance with the provisions of this Section 5.12 shall be binding upon the Issuer and the Owners of Bonds.

Section 5.13. Surrender of First Mortgage Bonds. The Trustee shall surrender First Mortgage Bonds to the Company Mortgage Trustee only in accordance with the provisions of Section 4.04(e) or Section 4.04(f) of the Agreement.

Section 5.14. Notice to Company Mortgage Trustee. In the event that a payment on the First Mortgage Bonds shall have become due and payable and shall not have been fully paid, the Trustee shall forthwith give notice thereof to the Company Mortgage Trustee signed by its President, a Vice President, a Senior Trust Officer or a Trust Officer, specifying, with respect to principal of the First Mortgage Bonds, the principal amount of First Mortgage Bonds then due and payable and the amount of funds required to make such payment and, with respect to interest on the First Mortgage Bonds, the last date to which interest has been paid and the amount of funds required to make such payment. In the event that the Trustee shall have received written notice pursuant to Section 8.01 of the Agreement to the effect that any Bonds are to be redeemed pursuant to Section 4.02 or Section 4.03 hereof, the Trustee shall forthwith give notice thereof to the Company Mortgage Trustee specifying the principal amount, interest rate and redemption date of Bonds so to be redeemed. Any such notice given by the Trustee shall be signed by its President, a Vice President, a Senior Trust Officer or a Trust Officer thereof. The Trustee shall incur no liability for failure to give any such notice, and such failure shall have no effect on the obligations of the Company on the First Mortgage Bonds or on the rights of the Trustee or of the Owners of Bonds.

Section 5.15. Insurance Policy. The Trustee and the Paying Agent shall take action under the Insurance Policy, in accordance with the terms and subject to the coverage thereof, to the extent necessary in order to cause amounts in respect of the principal of and interest on the Bonds to be payable by the Insurer pursuant to the Insurance Policy to the Owners of the Bonds. The Trustee shall not sell, assign, transfer or surrender the Insurance Policy except to a successor Trustee hereunder.

Section 5.16. Limitation on Use of Insurance Policy. No Insurance Policy shall be in effect for so long as the initial Letter of Credit is in effect and there is no Bank Default with respect to such Letter of Credit unless the Bank issuing such Letter of Credit gives its written consent to such Insurance Policy.

ARTICLE VI

DEPOSIT OF BOND PROCEEDS; FUNDS AND ACCOUNTS; REVENUES; LETTER OF CREDIT

Section 6.01. Creation of Funds and Accounts. There are hereby created by the Issuer and ordered established the following trust funds and trust accounts, each of which are to be Eligible Accounts, to be held by the Trustee for the benefit of the Owners of the Bonds:

(a) A separate Bond Fund, to be designated *"Lincoln County, Wyoming, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 Bond Fund"* and therein a Principal Account and an Interest Account; and

(b) A separate Letter of Credit Fund to be designated *"Lincoln County, Wyoming, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 Letter of Credit Fund."*

Section 6.02. Disposition of Bond Proceeds. In accordance with the provisions of Section 3.03 of the Agreement, the Trustee shall, simultaneously with the initial authentication and delivery of the Bonds, cause the proceeds from the sale of the Bonds to be paid to the Escrow Agent for deposit into the Escrow Account for the purpose of effecting the Refunding of the Prior Bonds.

Section 6.03. Deposits into the Bond Fund; Use of Moneys in the Bond Fund. (a) There shall be deposited into the Principal Account of the Bond Fund (i) payments made by the Company pursuant to the Agreement in respect of principal of or premium payable on the Bonds, including any payments of principal of and premium, if any, on the First Mortgage Bonds, (ii) moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, for the payment of the principal of or premium, if any, on the Bonds upon redemption, maturity or acceleration of maturity and (iii) any other moneys required by this Indenture or the Agreement to be deposited into the Principal Account of the Bond Fund. The Trustee shall keep separate (A) moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and (B) Available Moneys and shall not commingle such moneys or Available Moneys, as the case may be, with other moneys in the Principal Account.

(b) There shall be deposited into the Interest Account of the Bond Fund (i) payments made by the Company pursuant to the Agreement in respect of interest on the Bonds, including any payments of interest on the First Mortgage Bonds, (ii) moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, to pay interest on the Bonds when due and (iii) any other moneys required by this Indenture or the Agreement to be deposited into the Interest Account of the Bond Fund. The Trustee shall keep separate (A) moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and (B) Available Moneys and shall not commingle such moneys or Available Moneys, as the case may be, with other moneys in the Interest Account.

(c) Except as provided in this paragraph, in Section 6.05, Section 6.06, Section 9.10 or Section 10.04 hereof and in the Tax Certificate, moneys in the Principal Account of the Bond Fund shall be used solely for the payment of principal of and premium, if any, on the Bonds as the same shall become due and payable at maturity, upon redemption or upon acceleration of maturity. The Trustee shall at all times maintain accurate records of deposits into the Principal Account, and the sources and timing of such deposits, and shall apply moneys from such sources on any Bond Payment Date in the following order of priority:

(i) Available Moneys;

(ii) Moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be; and

(iii) Any other moneys paid by the Company pursuant to the Agreement or any other moneys in the Bond Fund.

In the event that any principal payment by the Company pursuant to the Agreement is on deposit in the Principal Account on a Bond Payment Date but does not constitute Available Moneys, or

is received by the Trustee subsequent to such Bond Payment Date, and the Trustee has paid principal of the Bonds from the source described in clause (ii) of this paragraph, the Trustee shall, subject to Section 9.10 hereof, transfer to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) on (or as promptly as practicable after) such Bond Payment Date or the date of receipt, if different, the amount of such principal of Bonds paid from such source and not reimbursed to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) under the Reimbursement Agreement as certified in writing to the Trustee and the Company by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be).

(d) Except as provided in this paragraph, in Section 6.05, Section 6.06, Section 9.10 and Section 10.04 hereof and in the Tax Certificate, moneys in the Interest Account of the Bond Fund shall be used solely to pay interest on the Bonds when due. The Trustee shall at all times maintain accurate records of deposits into the Interest Account and the sources of such deposits, and shall apply moneys from such sources on any Bond Payment Date in the following order of priority:

(i) Available Moneys;

(ii) Moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be; and

(iii) Any other moneys paid by the Company pursuant to the Agreement or any other moneys in the Bond Fund.

In the event that any interest payment by the Company pursuant to the Agreement is on deposit in the Interest Account on a Bond Payment Date but does not constitute Available Moneys, or is received by the Trustee subsequent to such Bond Payment Date, and the Trustee has paid interest on the Bonds from the source described in clause (ii) of this paragraph, the Trustee shall, subject to Section 9.10 hereof, transfer to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) on (or as promptly as practicable after) such Bond Payment Date or the date of receipt, if different, the amount of such interest on Bonds paid from such source and not reimbursed to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) under the Reimbursement Agreement, as certified in writing to the Trustee by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be).

The Trustee shall identify appropriate sources of moneys and apply such moneys to pay principal of, and premium, if any, and interest on, the Bonds as and when required by the terms of this Indenture.

Section 6.04. Letter of Credit Moneys; Substitution, Cancellation, Expiration and Assignment of Letter of Credit; Deposits into Liquidity Fund. (a) During such time as a Letter of Credit or an Alternate Credit Facility, as the case may be, is outstanding, the Trustee shall draw upon the Letter of Credit or the Alternate Credit Facility, as the case may be, in accordance with its terms in an amount which, together with moneys referred to in Section 6.03(c)(i) and 6.03(d)(i) hereof, will be sufficient, together with any moneys then on deposit in the Letter of Credit Fund, to pay, on any Bond Payment Date, principal of and interest on the Bonds;

provided, however, that in no event shall the Trustee draw upon the Letter of Credit or the Alternate Credit Facility, as the case may be, to make any payment of principal of or interest on Pledged Bonds or Bonds held of record by the Obligor on the Alternate Credit Facility or Bonds held of record by or on behalf of the Company or any subsidiary or affiliate of the Company; and, *provided further,* that in no event shall the Trustee draw upon the initial Letter of Credit to pay the purchase price or principal of and interest on any Bonds bearing interest at a Flexible Interest Rate or a Term Interest Rate. The Trustee shall draw moneys under the Letter of Credit or the Alternate Credit Facility, as the case may be, in accordance with Section 3.06(c) hereof and in accordance with its terms to ensure timely payment thereof to the extent necessary to pay to the Trustee the purchase price of Bonds delivered or deemed to be delivered to the Trustee in accordance with Sections 3.01 or 3.02 hereof.

Immediately following a drawing under the Letter of Credit or the Alternate Credit Facility, as the case may be, and not as a condition to such drawing, the Trustee shall use its best efforts to give telephonic notice to the Company that such a drawing under the Letter of Credit or the Alternate Credit Facility, as the case may be, was made.

(b) If at any time there shall cease to be any Bonds Outstanding hereunder, the Trustee shall promptly surrender the Letter of Credit or Alternate Credit Facility then in effect to the Bank or the Obligor on the Alternate Credit Facility, as the case may be, which issued such Letter of Credit or Alternate Credit Facility in accordance with the terms thereof and of this Indenture for cancellation. Following the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, the Trustee shall promptly after such Expiration surrender the Letter of Credit or Alternate Credit Facility which has expired to the Bank or the Obligor on the Alternate Credit Facility, as the case may be, which issued such Letter of Credit or Alternate Credit Facility, in accordance with the terms thereof and of this Indenture, for cancellation.

(c) In the event Bonds are to be purchased pursuant to Section 3.02(a)(iii) hereof due to the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, as the case may be, the notice of mandatory purchase given by the Trustee shall (i) specify the date of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, as the case may be, (ii) specify, if applicable, the last times and dates prior to such Expiration on which Bonds must be delivered, or on which notice must be given, for the purchase of Bonds pursuant to Section 3.01 hereof and the places where such Bonds must be delivered for such purchase, (iii) state that any rating of the Bonds by Moody's or S&P may be reduced, suspended or withdrawn from such ratings as then prevail, (iv) state, to the extent the Trustee has received written notice from the Company (as to the matters set forth in this clause (iv)), whether an Alternate Credit Facility or Substitute Letter of Credit is to be delivered to the Trustee, and the issuer and expiration terms and the interest coverage of such Alternate Credit Facility or Substitute Letter of Credit and (v) state that the Bonds shall be subject to mandatory purchase by the Issuer at 100% of the principal amount thereof plus accrued interest, if any, on the Business Day next preceding the date of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility. If, prior to the fifth day next preceding the date fixed for a mandatory purchase pursuant to Section 3.02(a)(iii) hereof, subsequent to the giving of such notice pursuant to Section 3.02(c)

hereof, the term of the Letter of Credit or the Alternate Credit Facility, as the case may be, shall have been extended or the Company notifies the Trustee that the delivery of an Alternate Credit Facility or the termination of the Letter of Credit or Alternate Credit Facility pursuant to Section 4.03(a) of the Agreement shall not occur, then the Trustee shall give notice of such extension of the term of the Letter of Credit or the Alternate Credit Facility, as the case may be, or that the delivery of an Alternate Credit Facility or the termination of the Letter of Credit or Alternate Credit Facility pursuant to Section 4.03(a) of the Agreement shall not occur, which notice shall specify (w) that the notice of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, as the case may be, has been given, (x) that subsequent to the giving of such notice the term of the Letter of Credit or the Alternate Credit Facility, as the case may be, has been extended or the Company has notified the Trustee that delivery of an Alternate Credit Facility or the termination of the Letter of Credit or Alternate Credit Facility pursuant to Section 4.03(a) of the Agreement shall not occur, (y) the date that the term of the Letter of Credit or Alternate Credit Facility will expire and (z) that the mandatory purchase for which notice was given will not occur. Such notice that the term of the Letter of Credit or the Alternate Credit Facility, as the case may be, has been extended or that the Company has notified the Trustee that delivery of an Alternate Credit Facility or the termination of the Letter of Credit or Alternate Credit Facility pursuant to Section 4.03(a) of the Agreement shall not occur, shall be given by the Trustee by Mail to the Owners of the Bonds not more than five days following such extension or the receipt by the Trustee of such notice from the Company.

(d) The Trustee shall not sell, assign or otherwise transfer the Letter of Credit or the Alternate Credit Facility, as the case may be, or any interest in the Revenues except to a successor Trustee hereunder and in accordance with the terms of the Letter of Credit or the Alternate Credit Facility, as the case may be, or the Agreement, as the case may be.

(e) While a book-entry system is in effect for the Bonds, the Trustee shall give written notice of the Expiration of the Term of the Letter of Credit (or the Expiration of the Term of an Alternate Credit Facility, as the case may be) to DTC at least twenty (20) days prior to the effective date of the Expiration of the Term of the Letter of Credit (or Expiration of the Term of an Alternate Credit Facility, as the case may be). In the event that notice cannot be given within such twenty-day period, the Trustee shall provide such notice as soon as practicable.

Section 6.05. Bonds Not Presented for Payment of Principal. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or the acceleration of maturity, if moneys sufficient to pay such Bonds are held by the Trustee, the Trustee shall segregate and hold such moneys in trust (but shall not invest such moneys), without liability for interest thereon, for the benefit of Owners of such Bonds who shall, except as provided in the following paragraph, thereafter be restricted exclusively to such fund or funds for the satisfaction of any claim of whatever nature on their part under this Indenture or relating to said Bonds. Such Bonds which shall not have been so presented for payment shall be deemed paid for all purposes of this Indenture.

Any moneys which the Trustee shall segregate and hold in trust for the payment of the principal of or interest on any Bond and remaining unclaimed for two years after such principal

or interest has become due and payable shall, upon the Company's written request signed by an Authorized Company Representative to the Trustee, (i) be paid to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) to the extent of the amount, if any, certified in writing by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) to the Trustee and the Company to be payable under the Reimbursement Agreement, and (ii) the balance, if any, shall be paid by the Trustee to the Company if consented to in writing by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be). After the payment of such unclaimed moneys to the Company or to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), the Owner of such Bond shall look only to the Company for payment, and then only to the extent of the amount so repaid to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and/or the Company, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money, and all liability of the Issuer, the Trustee and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) with respect to such moneys shall thereupon cease.

Section 6.06. Payment to the Company. After the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Owners shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with Section 6.05 and Article VIII hereof, and all fees, expenses and other amounts payable to the Registrar, the Trustee, the Issuer, the Remarketing Agent, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) pursuant to any provision hereof or of the Insurance Agreement, the Remarketing Agreement, the Reimbursement Agreement, the Letter of Credit or an Alternate Credit Facility shall have been paid in full, any moneys remaining in the Bond Fund shall be paid to the Company upon its written request.

ARTICLE VII

INVESTMENTS

Section 7.01 Investment of Moneys in Bond Fund and Letter of Credit Fund. Subject to Section 5.07 hereof and the provisions of the Tax Certificate, moneys in the Bond Fund shall be invested and reinvested in Investment Securities that mature at the time and in the amounts necessary to effect timely payment of principal of, premium, if any, and interest on, the Bonds. Such investments shall be made by the Trustee as directed and designated by the Company in a certificate of, or telephonic advice promptly confirmed by a certificate of, an Authorized Company Representative. Each such certificate or telephonic advice shall contain a statement that each investment so designated by the Company constitutes an *"Investment Security"* or *"Government Obligation"* as applicable and can be made without violation of any provision hereof or of the Agreement or of the Tax Certificate. The Trustee shall be entitled to rely on each such certificate or advice and shall incur no liability for making any such investment so designated or for any loss incurred in selling such investment. No investment instructions shall be given by the Company if the investments to be made pursuant thereto would violate any covenant set forth in Section 5.07 hereof or the provisions of the Agreement or the Tax Certificate.

Moneys in the Letter of Credit Fund and proceeds of remarketed bonds shall be held uninvested.

Section 7.02. Conversion of Investment to Cash. As and when any amounts so invested may be needed for disbursements from the Bond Fund, the Trustee shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such fund. As long as no Event of Default shall have occurred and be continuing, the Company shall have the right to designate the investments to be sold and to otherwise direct the Trustee in the sale or conversion to cash of the investments made with the moneys in the Bond Fund; provided that the Trustee shall be entitled to conclusively assume the absence of any Event of Default unless it has notice thereof within the meaning of Section 10.05 hereof.

Section 7.03. Credit for Gains and Charge for Losses. Gains from investments shall be credited to and held in and losses shall be charged to the fund or account from which the investment is made.

ARTICLE VIII

DEFEASANCE

If the Issuer shall pay or cause to be paid to the Owner of any Bond secured hereby the principal of, and premium, if any, and interest due and payable, and thereafter to become due and payable, upon, such Bond, or any portion of such Bond in any integral multiple of the Authorized Denomination thereof, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under this Indenture.

If the Issuer shall pay or cause to be paid the principal of, and premium, if any, and interest due and payable on, all Outstanding Bonds, and thereafter to become due and payable thereon, and shall pay or cause to be paid all other sums payable hereunder by the Issuer, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar, the Remarketing Agent, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate shall thereupon cease, terminate and become void. In such event, the Trustee shall assign, transfer and turn over to the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (to the extent of the amount, if any, certified in writing by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) to the Trustee and the Company to be payable under the Reimbursement Agreement) and then to the Company (if consented to in writing by the Bank (or the Obligor on the Alternate Credit Facility, as the case may be)), the Trust Estate, including, without limitation, any surplus in the Bond Fund and any balance remaining in any other fund created under this Indenture and surrender the Letter of Credit (or the Alternate Credit Facility, as the case may be) to the Bank, (or the Obligor on the Alternate Credit Facility, as the case may be) in accordance with the terms thereof if not previously surrendered. Notwithstanding anything herein to the contrary, in the event that the principal of and interest due on any Bonds shall be paid (1) by the Bank pursuant to a draw on the Letter of Credit and the Bank has not been reimbursed for the payment of such draw or arrangements satisfactory to the Bank for such reimbursement have not been made or (2) by the Insurer

pursuant to the Insurance Policy, such Bonds shall remain Outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer to such Owners shall continue to exist and shall run to the benefit of the Bank or the Insurer, as applicable, and the Bank or the Insurer, as applicable, shall be subrogated to the rights of such Owners.

All or any portions of Bonds (in Authorized Denominations) shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of this Article VIII and for all purposes of this Indenture when:

(a) in the event said Bonds or portions thereof have been selected for redemption in accordance with Section 4.04 hereof, the Trustee shall have given, or the Company shall have given to the Trustee in form satisfactory to it irrevocable instructions to give, on a date in accordance with the provisions of Section 4.05 hereof, notice of redemption of such Bonds or portions thereof;

(b) there shall have been deposited with the Trustee moneys which constitute Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility;

(c) the moneys so deposited with the Trustee shall be in an amount sufficient (without relying on any investment income) to pay when due the principal of, and premium, if any, and interest due and to become due (which amount of interest to become due shall be calculated at the Maximum Interest Rate unless the interest rate borne by all of such Bonds is not subject to adjustment prior to the maturity or redemption thereof, in which case the amount of interest shall be calculated at the rate borne by such Bonds) on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; *provided, however,* that if such payment is to be made upon redemption pursuant to Section 4.02 hereof, such payment shall be made from Available Moneys;

(d) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding 60 days, the Issuer at the direction of the Company shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to Section 4.05 hereof, a notice to the Owners of said Bonds or portions thereof and to the Insurer that the deposit required by clause (b) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid in accordance with this Article VIII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, and premium, if any, and interest on, said Bonds or portions thereof;

(e) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, S&P, if the Bonds are then rated by S&P, and the Insurer shall have received an opinion of an independent public accountant of nationally recognized

standing, selected by the Company (an *"Accountant's Opinion"*), to the effect that the requirements set forth in clause (c) above have been satisfied;

(f) the Issuer, the Company, the Trustee and the Insurer shall have received written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, that such action will not result in a reduction, suspension or withdrawal of the rating; and

(g) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, S&P, if the Bonds are then rated by S&P, and the Insurer shall have received an opinion of Bond Counsel to the effect that such deposit will not adversely affect the Tax-Exempt status of the Bonds (*"Bond Counsel's Opinion"*).

Moneys deposited with the Trustee pursuant to this Article VIII shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds or portions thereof, or for the payment of the purchase price of Bonds in accordance with Section 3.03 hereof; *provided* that such moneys, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the earlier of (i) the date moneys may be required for the purchase of Bonds pursuant to Section 3.03 hereof or (ii) the Interest Payment Date next succeeding the date of investment or reinvestment, and interest earned from such investments shall be paid over to the Company, as received by the Trustee, free and clear of any trust, lien or pledge. If payment of less than all the Bonds is to be provided for in the manner and with the effect provided in this Article VIII, the Trustee shall select such Bonds or portion of such Bonds in the manner specified by Section 4.04 hereof for selection for redemption of less than all Bonds in the principal amount, not less than $100,000, designated to the Trustee by the Company.

The provisions of this Indenture relating to (i) the registration and exchange of Bonds, (ii) the delivery of Bonds to the Trustee for purchase and the related obligations of the Trustee with respect thereto, (iii) the mandatory purchase of the Bonds pursuant to Section 3.02(a)(iii) hereof, and (iv) payment of the Bonds from such moneys, shall remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid within the meaning of this Article VIII; *provided however,* that the provisions with respect to registration and exchange of Bonds shall continue to be effective until the maturity or the last date fixed for redemption of all Bonds.

In the event the requirements of the last sentence of the next succeeding paragraph can be satisfied, the preceding three paragraphs shall not apply and the following two paragraphs shall be applicable.

Any Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Indenture when:

(i) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or acceleration or upon redemption as provided herein) either (A) shall have been made or caused to be made in accordance with the terms thereof or (B) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys, which shall be Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, sufficient to make such payment, and/or (2) Government Obligations purchased with Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys to make such payment; *provided, however,* that if such payment is to be made upon redemption pursuant to Section 4.02 hereof, such payment shall be made from Available Moneys or from Government Obligations purchased with Available Moneys;

(ii) all necessary and proper fees, compensation and expenses of the Issuer, the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee; and

(iii) an Accountant's Opinion to the effect that such moneys and/or Government Obligations will insure, without reinvestment, the availability of sufficient moneys to make such payment, a Bankruptcy Counsel's Opinion to the effect that the payment of the Bonds from the moneys and/or Government Obligations so deposited will not result in a voidable preference under Section 547 of the United States Bankruptcy Code in the event either the Issuer or the Company were to become a debtor under the United States Bankruptcy Code and a Bond Counsel's Opinion shall have been delivered to the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of registration and exchange of Bonds and of any such payment from such moneys or Government Obligations.

The provisions of this paragraph shall apply only if (x) such Bond matures or is called for redemption prior to the next date upon which such Bond is subject to purchase pursuant to Section 3.01 and Section 3.02 hereof, and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond.

Notwithstanding the foregoing paragraph, no deposit under clause (i)(B) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (i) proper notice of redemption of such Bonds shall have been previously given in accordance with Section 4.05 hereof, or in the event said Bonds are not to be redeemed within the next succeeding 60 days, until the Company shall have given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with Section 4.05 hereof, that the deposit required by

clause (i)(B) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article VIII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (ii) the maturity of such Bonds.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute and is referred to in this Indenture as an *"Event of Default"*:

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity, upon redemption or otherwise, subject, however, to Section 3.04(b) hereof;

(b) a failure to pay an installment of interest on any of the Bonds for a period of one day after such interest has become due and payable, subject, however, to Section 3.04(b) hereof;

(c) a failure to pay an amount due in respect of the purchase price of Bonds delivered to the Trustee pursuant to Section 3.01 and Section 3.02 hereof after such payment has become due and payable;

(d) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision (other than as specified in Section 9.01(a), Section 9.01(b) and Section 9.01(c)) contained in the Bonds or in this Indenture on the part of the Issuer to be observed or performed, which failure shall continue for a period of 90 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Issuer and the Company by the Trustee by registered or certified mail, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than 25% in principal amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; *provided, however,* that the Trustee, or the Trustee and the Owners of such principal amount of Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Issuer or the Company on behalf of the Issuer within such period and is being diligently pursued;

(e) an "Event of Default" under the Agreement;

(f) a "Default" as such term is defined in Section 15.01 of the Company Mortgage; or

(g) the Trustee's receipt of written notice (which may be given by telefacsimile) from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) of an event of default under and as defined in the Reimbursement Agreement and stating that such notice is given pursuant to Section 9.01 of the Indenture.

If on the date payment of principal of or interest on the Bonds is due, or if on the date on which payment of the purchase price of Bonds is to be made by the Trustee, sufficient moneys are not available to make such payment, the Trustee shall promptly give telephonic notice of such insufficiency to the Company.

Section 9.02. Acceleration; Other Remedies. (a) If an Event of Default described in Section 9.01(a), Section 9.01(b), Section 9.01(c), Section 9.01(f) or Section 9.01(g) hereof or an Event of Default described in Section 9.01(e) hereof resulting from an "Event of Default" under Section 7.01(a) or Section 7.01(c) of the Agreement (of which the Trustee shall be deemed to have notice pursuant to the provisions of Section 10.05 hereof) has occurred and has not been cured or waived and further upon the conditions that, if (i) in accordance with the terms of the Company Mortgage, the First Mortgage Bonds shall have become immediately due and payable pursuant to any provision of the Company Mortgage and (ii) there shall have been filed with the Trustee a written direction of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing), then the Bonds shall, without further action, become and be immediately due and payable and, during the period the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, with accrued interest on the Bonds payable on the Bond Payment Date fixed pursuant to the last paragraph of Section 9.10 hereof, anything in this Indenture or in the Bonds to the contrary notwithstanding, and the Trustee shall give notice thereof to the Issuer, the Company, the Remarketing Agent, the Bank, if any, and the Insurer, if any, and shall give notice thereof by Mail to all Owners of Outstanding Bonds, and the Trustee shall as promptly as practicable draw moneys under the Letter of Credit or an Alternate Credit Facility, as the case may be, to the extent available thereunder, in an amount sufficient to pay principal of and accrued interest on the Bonds payable on the Bond Payment Date established by the Trustee pursuant to the last paragraph of Section 9.10 hereof.

(b) The provisions of Section 9.02(a) are subject to the condition that if, so long as no Letter of Credit or Alternate Credit Facility is outstanding, after the principal of the Bonds shall have been so declared to be due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and such amount as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default (other than nonpayment of the principal of Bonds which shall have become due by said declaration) shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Issuer and the Company, and

shall give notice thereof by Mail to all Owners of Outstanding Bonds; *provided, however,* that no such waiver, rescission and annulment shall extend to or affect any other Event of Default or subsequent Event of Default or impair any right, power or remedy consequent thereon.

The provisions of Section 9.02(a) are, further, subject to the condition that, if an Event of Default described in clause (g) of Section 9.01 hereof shall have occurred and if the Trustee shall thereafter have received written notice from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (i) that the notice which caused such Event of Default to occur has been withdrawn and (ii) that the amounts available to be drawn on the Letter of Credit (or the Alternate Credit Facility, as the case may be) to pay (A) the principal of the Bonds or the portion of purchase price equal to principal and (B) interest on the Bonds and the portion of purchase price equal to accrued interest have been reinstated to an amount equal to the principal amount of the Bonds Outstanding plus accrued interest thereon for the applicable Interest Coverage Period at the Interest Coverage Rate, then, in every such case, such Event of Default shall be deemed waived and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Issuer, the Company, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Remarketing Agent, and, if notice of the acceleration of the Bonds shall have been given to the Owners of Bonds, shall give notice thereof by Mail to all Owners of Outstanding Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of Section 9.02(a) are, further, subject to the condition that any waiver of any "Default" under the Company Mortgage and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event or Events of Default and a rescission and annulment of the consequences thereof. The Trustee shall promptly give written notice of such waiver, rescission or annulment to the Issuer, the Company, the Remarketing Agent, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Insurer and shall give notice thereof by Mail to all Owners of Outstanding Bonds *provided* that it is deemed to have notice thereof under Section 10.05 hereof; but no such waiver, rescission and annulment shall extend to or affect any other Event of Default or any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) (i) Upon the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion, with the consent of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing), may, and upon the written direction of the Owners of not less than 25% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction (except against gross negligence or willful misconduct) shall, in its own name and as the Trustee of an express trust:

(A) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners under, and require the Issuer, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) or the Company to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under, the Act, the Agreement, the Letter

of Credit (or the Alternate Credit Facility, as the case may be), the Insurance Agreement, the Insurance Policy and this Indenture, *provided* that any such remedy may be taken only to the extent permitted under the applicable provisions of the Agreement or this Indenture, as the case may be;

(B) bring suit upon the Bonds; or

(C) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds.

(ii) So long as an Insurer Default shall not have occurred and be continuing, anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds or the Trustee for the benefit of such Owners under this Indenture.

(iii) So long as a Bank Default shall not have occurred and be continuing, anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bank shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Bonds or the Trustee for the benefit of such Owners under this Indenture.

(d) The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal upon (i) the written direction of the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing) and (ii) the written request of the Owners of more than two-thirds (2/3) in aggregate principal amount of all Outstanding Bonds; *provided, however,* that any Event of Default under Section 9.01(g) hereof may only be waived as provided in the second paragraph of Section 9.02(b); *provided further* that (x) there shall not be waived any Event of Default specified in Section 9.01(a) or Section 9.01(b) hereof unless prior to such waiver or rescission the Issuer shall have caused to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration of acceleration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and (y) no Event of Default shall be waived unless (in addition to the applicable conditions as aforesaid) (1) there shall have been deposited with the Trustee such amount as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee and (2) if a Letter of Credit or Alternative Credit Facility is then in effect, the Trustee shall have confirmed that such Letter of Credit or Alternative Credit Facility, as the case may be, has been reinstated to its full amount. In case of any waiver or rescission described above, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or concluded or determined adversely, then and in every such case the Issuer, the Trustee and the Owners of Bonds shall be restored to their former positions and rights hereunder, respectively; *provided, however,* that no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 9.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Issuer, the Trustee and the Owners of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.04. Owners' Right to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee and upon furnishing to the Trustee indemnity satisfactory to it (except against gross negligence or willful misconduct), to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture, *provided* that such direction shall not be other than in accordance with the provisions of law and this Indenture and shall not result in any personal liability of the Trustee and *provided further* that if no Insurer Default shall have occurred and be continuing, the Insurer shall have consented to such direction.

Section 9.05. Limitation on Owners' Right to Institute Proceedings. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or in the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do after the right to institute said suit, action or proceeding under Section 9.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby (except against gross negligence or willful misconduct), and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of said suit, action or proceeding; it being understood and intended that no one or more of the Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners.

Section 9.06. No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Indenture, the right of any Owner to receive payment of the principal of, and premium, if any, and interest on, its Bond, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner.

Section 9.07. Proceedings by Trustee without Possession of Bonds. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the

Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Owners, subject to the provisions of this Indenture.

Section 9.08. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or under the Agreement, or now or hereafter existing at law or in equity or by statute; *provided, however,* that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture, the Bonds or the Agreement shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 9.08.

Section 9.09. No Waiver of Remedies. No delay or omission of the Trustee, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) or of any Owner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee, to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.10. Application of Moneys. Any moneys received by the Trustee, by any receiver or by any Owner pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (*provided* that moneys received under the Letter of Credit or an Alternate Credit Facility for the principal of or interest on the Bonds or other moneys held for Bonds not presented for payment or deemed paid pursuant to Section 6.05 and Article VIII hereof shall not be used for purposes other than payment of the Bonds), shall be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which had matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on each Bond, with interest on overdue installments of interest, if lawful, at the rate per annum borne by such Bond, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of this Indenture) with interest on each Bond at its rate from the respective dates upon which it became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest,

then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article IX, then, subject to the provisions of subparagraph (b) of this Section 9.10 which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of subparagraph (a) of this Section 9.10.

Anything herein to the contrary notwithstanding, in no event shall the Trustee draw on the Letter of Credit or an Alternate Credit Facility to make any payment of principal of Pledged Bonds (or Bonds held of record by the Obligor on the Alternate Credit Facility, as the case may be) or Bonds held of record by the Company or any payment of interest on any Interest Payment Date on Bonds which as of the Record Date for such Interest Payment Date were Pledged Bonds (or Bonds held of record by the Obligor on the Alternate Credit Facility, as the case may be) or Bonds held of record by the Company.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the Bond Payment Date upon which such application is to commence and upon such Bond Payment Date interest on the amounts of principal and interest to be paid on such Bond Payment Date shall cease to accrue. When the Letter of Credit or an Alternate Credit Facility is in effect, such Bond Payment Date may be fixed as the date of acceleration or the first or second Business Day thereafter; *provided, however,* that the Bond Payment Date shall not be later than the date of acceleration unless moneys shall be available to be drawn under the Letter of Credit or such Alternate Credit Facility to pay accrued interest on the Bonds payable on such Bond Payment Date. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such Bond Payment Date by Mail to the Bank, the Insurer and all Owners of Outstanding Bonds and shall not be required to make payment to any Owner until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.11. Severability of Remedies. It is the purpose and intention of this Article IX to provide rights and remedies to the Trustee, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Owners which may be lawfully granted under the provisions

of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Owners shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

ARTICLE X

TRUSTEE; REGISTRAR; REMARKETING AGENT

Section 10.01. Acceptance of Trusts. The Issuer initially appoints The Bank of New York Mellon Trust Company, N.A., as Trustee and Paying Agent. The Trustee hereby accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article X, to all of which the Issuer agrees and the respective Owners agree by their acceptance of delivery of any of the Bonds. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default, undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenant shall be read into this Indenture.

Section 10.02. No Responsibility for Recitals. The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's authentication upon the Bonds, shall not be taken and construed as made by or on the part of the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof or for the validity or sufficiency of this Indenture, the Agreement or the First Mortgage Bonds, or the perfection or the maintenance of the perfection of any security interest granted hereby or for the validity, the enforceability or the priority of the lien of the Company Mortgage.

Section 10.03. Limitations on Liability. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder and shall not be answerable for the conduct of the same if appointed by the Trustee with reasonable care, and the advice of any such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted hereunder in good faith and reliance thereon. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatsoever in connection with the trust created hereby, except only for its own negligence or willful misconduct.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding or any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

Section 10.04. Compensation, Expenses and Advances. The Trustee, the Remarketing Agent, the Paying Agent and the Registrar shall be entitled to reasonable compensation for their services rendered hereunder (not limited by any provision of law in regard to the compensation of the trustee of an express trust) and to reimbursement for their actual out-of-pocket expenses (including reasonable counsel fees and expenses) reasonably incurred in connection therewith

except as a result of their negligence or willful misconduct. If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture, the Trustee may, in its uncontrolled discretion and without notice to the Owners, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no obligation so to do; and any and all such advances shall bear interest at a rate per annum equal to the rate of interest then in effect and as announced by the Trustee as its prime lending rate for domestic commercial loans in the city in which is located the Principal Office of the Trustee; but no such advance shall operate to relieve the Issuer from any Event of Default. In the Agreement, the Company has agreed that it will pay to the Trustee, the Remarketing Agent, the Paying Agent and the Registrar compensation and reimbursement of expenses and advances, but the Company may, without creating an Event of Default, contest in good faith the reasonableness of any such expenses and advances. If the Company shall have failed to make any payment to the Trustee, the Remarketing Agent, the Paying Agent or the Registrar under the Agreement and such failure shall have resulted in an event of default under the Agreement, then each of the Trustee, the Remarketing Agent, the Paying Agent and the Registrar shall have, in addition to any other rights hereunder, a claim, prior to the claim of the Owners, for the payment of their compensation and the reimbursement of their expenses and any advances made by them, as provided in this Section 10.04, upon the moneys and obligations in the Bond Fund, except for moneys received under the Letter of Credit or an Alternate Credit Facility and except for moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with Article VIII hereof, funds held pursuant to Section 6.05 hereof and payments on the First Mortgage Bonds.

Section 10.05. Notice of Events of Default and Determination of Taxability. The Trustee shall not be required to take notice, or be deemed to have notice (a) of any Event of Default, other than an Event of Default under Section 9.01(a), Section 9.01(b), Section 9.01(c) or Section 9.01(g) or (b) of any declaration of acceleration of the First Mortgage Bonds, any waiver of any "default" under the Company Mortgage or any rescission or annulment of its consequences, unless the Trustee shall have been specifically notified in writing at the Principal Office of the Trustee, Attention: Corporate Trust Administration, of such Event of Default by the Owners of at least 25% in principal amount of the Bonds then Outstanding, the Issuer, the Remarketing Agent or the Bank or the Obligor on an Alternate Credit Facility, as the case may be. The Trustee may, however, at any time, in its discretion, require of the Issuer full information and cooperation as to the performance of any of the covenants, conditions and agreements contained herein. Such inquiry shall not for the purposes of this Section 10.05 constitute notice of any Event of Default. The Issuer and the Remarketing Agent shall not be required to take notice, or be deemed to have notice, of any Event of Default, other than an Event of Default of which it shall have actual knowledge. If an Event of Default described in Section 9.01(c) hereof occurs after the Trustee has notice of the same as provided in this Section 10.05, or if a Determination of Taxability occurs of which the Trustee has actual knowledge, then the Trustee shall give notice thereof by Mail to the Insurer, the Remarketing Agent, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Owners of Outstanding Bonds.

Section 10.06. Action by Trustee. (a) Except as provided in Section 3.03, Section 6.04 and Section 9.02 hereof and except for the payment of principal of, and premium, if any, and interest on, the Bonds when due from moneys held by the Trustee as part of the Trust Estate, the

Trustee shall be under no obligation to take any action in respect of any Event of Default or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the Owners of at least 25% in principal amount of the Bonds then Outstanding and, if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it (except against gross negligence or willful misconduct); but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any Event of Default without such notice or request from the Owners, or without such security or indemnity.

(b) Notwithstanding any other provision of this Indenture, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Owners as if there were no Insurance Policy.

Section 10.07. Good-Faith Reliance. The Trustee, the Registrar, the Remarketing Agent, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, telex or facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, the Company Mortgage, the Letter of Credit or the Alternate Credit Facility or the Agreement, or upon the written opinion of any attorney, engineer, accountant or other expert believed by the Trustee, the Registrar, the Remarketing Agent , the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), as the case may be, to be qualified in relation to the subject matter, and the Trustee, the Registrar, the Remarketing Agent, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Neither the Trustee, the Registrar, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), nor the Remarketing Agent shall be bound to recognize any person as an Owner or to take any action at such person's request unless satisfactory evidence of the ownership of such Bond shall be furnished to such entity.

Section 10.08. Dealings in Bonds. The Trustee, the Registrar, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) or the Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder, or any bonds issued under the Company Mortgage, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, the Registrar, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Company, and may act as depositary, trustee or agent for any committee or body of Owners

secured hereby or other obligations of the Issuer or the Company as freely as if it did not act in any capacity hereunder.

Section 10.09. Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Registrar and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law.

Section 10.10. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by executing any instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Company, the Insurer, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) not less than 45 days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by Mail, not less than three weeks prior to such resignation date, to all Owners of Bonds. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee, but in no event shall a resignation take effect earlier than the date on which a successor Trustee has been appointed and has accepted its appointment and has received transfer of the rights of the Trustee under the Letter of Credit (or the Alternate Credit Facility, as the case may be) then in effect.

Section 10.11. Removal of Trustee. (a) With the prior written consent of the Bank, or the Obligor on an Alternate Credit Facility, as the case may be (which consent, if unreasonably withheld, shall not be required), the Trustee may be removed at any time by filing with the Trustee so removed, and with the Issuer, the Company, the Insurer, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), an instrument or instruments in writing executed by (i) the Insurer, if no Insurer Default shall have occurred and be continuing, or (ii) the Owners of not less than a majority in principal amount of the Bonds then Outstanding and, if no Insurer Default shall have occurred and be continuing, the Insurer. Such instrument or instruments shall also either (x) appoint a successor or (y) consent to the appointment by the Issuer of a successor and be accompanied by an instrument of appointment by the Issuer of such successor. In no event shall a removal take effect earlier than the date on which a successor Trustee has been appointed and has accepted its appointment and has received transfer of the rights of the Trustee under the Letter of Credit (or the Alternate Credit Facility, as the case may be) then in effect.

(b) The Issuer may, and at the request of the Company will, remove the Trustee if (i) the Trustee fails to comply with Section 10.13 hereof, (ii) the Trustee is adjudged a bankrupt or an insolvent, (iii) a receiver or other public officer takes charge of the Trustee or its property or (iv) the Trustee otherwise becomes incapable of acting.

Section 10.12. Appointment of Successor Trustee. In case at any time the Trustee shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other

reason, then a vacancy shall forthwith and ipso facto exist in the office of Trustee and a successor may be appointed, and in case at any time the Trustee shall resign, then a successor may be appointed by filing with the Issuer, the Company, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an instrument in writing executed by (a) the Insurer, if no Insurer Default shall have occurred and be continuing, or (b) the Owners of not less than a majority in principal amount of Bonds then Outstanding and, if no Insurer Default shall have occurred and be continuing, the Insurer. In the case of the removal of the Trustee, the prior written consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) shall be required, unless such consent is unreasonably withheld. Copies of such instrument shall be promptly delivered by the Issuer to the predecessor Trustee and to the Trustee so appointed.

Until a successor Trustee shall be appointed by the Owners as herein authorized, the Company shall appoint a successor Trustee acceptable to the Insurer. After any appointment by the Company, it shall cause notice of such appointment to be given to the Issuer, the Remarketing Agent, the Registrar and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and to be given by Mail to all Owners of Bonds. Any new Trustee so appointed by the Company shall immediately and without further act be superseded by a Trustee appointed by the Owners in the manner above provided.

Section 10.13. Qualifications of Trustee. Every successor Trustee (a) shall be a national or state bank or trust company (other than a Bank or an Obligor on an Alternate Credit Facility, as the case may be) that is authorized by law to perform all the duties imposed upon it by this Indenture, (b) shall have a combined capital stock, surplus and retained earnings of at least $75,000,000, (c) shall be permitted under the Act to perform the duties of Trustee, (d) shall agree with the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) to act as agent for such Bank (or such Obligor on an Alternate Credit Facility, as the case may be), with respect to Pledged Bonds, (e) shall be acceptable to the Insurer, and (f) so long as the Bonds are Outstanding and subject to optional or mandatory purchase pursuant to the provisions of this Indenture and if no book-entry system for the Bonds is in effect, shall have an office located in New York, New York, if there can be located, with reasonable effort, such an institution willing and able to accept the trust on reasonable and customary terms.

Section 10.14. Judicial Appointment of Successor Trustee. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the resigning Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article X within six months after a vacancy shall have occurred in the office of Trustee, any Owner or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

Section 10.15. Acceptance of Trusts by Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument

accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, such predecessor Trustee and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of such predecessor Trustee and, subject to the provisions of Section 10.04 hereof, such predecessor Trustee shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.16. Successor by Merger or Consolidation. Any corporation into which any Trustee hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which all or substantially all of its corporate trust business shall be transferred, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Indenture to the contrary notwithstanding; *provided, however,* if such successor corporation is not a trust company or state or national bank that has trust powers, the Trustee shall resign from the trusts hereby created prior to such merger, transfer or consolidation or the successor corporation shall resign from such trusts as soon as practicable after such merger, transfer or consolidation.

Section 10.17. Standard of Care. Notwithstanding any other provisions of this Article X, the Trustee shall, during the existence of an Event of Default of which the Trustee has notice as provided in Section 10.05 hereof, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent person would use and exercise under the circumstances in the conduct of his own affairs.

Section 10.18. Intervention in Litigation of the Issuer. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Owners of the Bonds, the Trustee may and shall, upon receipt of indemnity satisfactory to it (except against gross negligence or willful misconduct) at the written request of the Owners of at least 25% in principal amount of the Bonds then Outstanding and if permitted by the court having jurisdiction in the premises, intervene in such judicial proceeding.

Section 10.19. Remarketing Agent. The Company has covenanted in the Agreement that at all times while any of the Bonds are Outstanding and are subject to optional or mandatory purchase pursuant to the provisions hereof, there shall be a Remarketing Agent for the Bonds appointed and acting pursuant to the provisions of this Indenture. The Remarketing Agent shall designate its Principal Office to the Trustee, the Company, the Registrar, the Issuer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

The Issuer shall cooperate with the Trustee, the Registrar, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Agreement will be made available for the purchase of Bonds presented at the Delivery Office of the Trustee and whereby Bonds, executed by the Issuer and

authenticated by the Trustee, shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 3.06 hereof.

Section 10.20. Qualifications of Remarketing Agent. The Remarketing Agent shall have a capitalization of at least $50,000,000 and be authorized by law to perform all the duties contemplated by this Indenture to be performed by the Remarketing Agent and agree to take all actions required of it under the DTC Representation Letter while a book-entry system is in effect for the Bonds. The Remarketing Agent may at any time resign and be discharged of the duties and obligations contemplated by this Indenture by giving at least 30 days' notice to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Company, the Registrar and the Trustee. The Remarketing Agent may be removed at any time at the direction of the Company by an instrument, signed by an Authorized Company Representative, filed with the Remarketing Agent, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Registrar and the Trustee at least 30 days prior to the effective date of such removal. Upon the resignation or removal of the Remarketing Agent, the Company may appoint a new Remarketing Agent.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Company shall fail to appoint a Remarketing Agent hereunder, or in the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed a successor Remarketing Agent on or prior to the effective date of such resignation or removal, the Trustee, notwithstanding the provisions of the first paragraph of this Section 10.20, shall ipso facto be deemed to be the Remarketing Agent for all purposes of this Indenture until the appointment by the Company of the Remarketing Agent or successor Remarketing Agent, as the case may be; *provided, however,* that the Trustee, in its capacity as Remarketing Agent, shall not be required to sell Bonds or determine the interest rate on the Bonds pursuant to Section 2.02 hereof.

Section 10.21. Registrar. Pursuant to the provisions hereof, the Trustee is initial Registrar for the Bonds. By its execution of this Indenture, the Trustee signifies its acceptance of the duties of Registrar hereunder. Any successor Registrar shall designate to the Issuer, the Company, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) its office where the registration books shall be kept and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee, the Insurer, the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Remarketing Agent at all reasonable times. The Registrar shall maintain in New York City an office for the exchange, registration and registration of transfer of the Bonds.

The Issuer shall cooperate with the Trustee, the Remarketing Agent and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Issuer and authenticated by the Trustee, shall be made available for exchange, registration and registration of transfer at the Principal Office of the Registrar. The Issuer shall cooperate with the Trustee, the Registrar, the Company and the Remarketing Agent to cause the necessary arrangements to be made and thereafter continued whereby the Trustee and the Remarketing Agent shall be furnished such records and other information, at such times, as shall be required to enable the Trustee and the Remarketing Agent to perform the duties and obligations imposed upon them hereunder.

Section 10.22. Qualifications of Registrar; Resignation; Removal. The Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital, surplus and retained earnings of at least $15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 45 days' notice to the Issuer, the Trustee, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Remarketing Agent and the Company. The Registrar may be removed at any time, at the direction of the Company, by an instrument, signed by an Authorized Company Representative, filed with the Registrar, the Trustee, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Remarketing Agent. Upon the resignation or removal of the Registrar, the Company shall appoint a new Registrar.

In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed its successor as Registrar, the Trustee shall ipso facto be deemed to be the Registrar for all purposes of this Indenture until the appointment by the Issuer of the Registrar or successor Registrar, as the case may be.

Section 10.23. Paying Agents. The Company, with the written approval of the Trustee, may appoint and at all times have one or more paying agents in such place or places as the Company may designate, for the payment of the principal of, and premium, if any, and the interest on, the Bonds. Each such paying agent shall have the power to hold moneys in trust. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary to assure, to the extent of the moneys held by the Trustee for such payment, the prompt payment of the principal of, and premium, if any, and interest on, the Bonds presented at either place of payment. The Paying Agent initially appointed hereunder is the Delivery Office of the Trustee.

Section 10.24. Additional Duties of Trustee. The Trustee shall:

(a) hold all Bonds delivered to it hereunder for the account of and for the benefit of the respective Owners which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Owners;

(b) hold all moneys delivered to it hereunder for the purchase of Bonds in a separate account for the account of and for the benefit of the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(c) keep such books and records with respect to the Bonds as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee, the Company and the Remarketing Agent at all reasonable times; and

(d) as long as a book-entry system is in effect for the Bonds, the Trustee will comply with the DTC Representation Letter and perform all duties required of it thereunder.

ARTICLE XI

REFERENCES TO BANK OR OBLIGOR ON AN ALTERNATE CREDIT FACILITY; INSURER; EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

Section 11.01. References to Bank or Obligor on an Alternate Credit Facility. At any time when there is no Letter of Credit or Alternate Credit Facility in effect, references to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) shall be ineffective, except with respect to amounts payable to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) which have not been paid. If such amounts have not been paid, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) shall be entitled to all notices hereunder.

If an Event of Default shall have occurred due to the wrongful failure by the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) to fulfill its obligations under the Letter of Credit or an Alternate Credit Facility, as the case may be, so long as such failure continues, the rights of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) hereunder relating to actions taken by the Trustee with respect to such Event of Default shall be void.

Section 11.02. References to the Insurer. At any time when there is no Insurance Policy in effect, references to the Insurer shall be ineffective, except with respect to amounts payable to the Insurer which have not been paid. If such amounts have not been paid, the Insurer shall be entitled to all notices hereunder.

If an Event of Default shall have occurred due to the wrongful failure by the Insurer to fulfill its obligations under the Insurance Policy, so long as such failure continues, the rights of the Insurer hereunder relating to actions taken by the Trustee with respect to such Event of Default shall be void.

No Insurance Policy is in effect as of the date of the restatement of this Indenture.

Section 11.03. Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by the Owners or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by the Owners in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 2.06 hereof.

Nothing contained in this Article XI shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request by or consent of any Owner shall bind every future Owner of the same Bond or any Bond or Bonds issued in lieu thereof in respect of anything done by the Trustee or the Issuer in pursuance of such request or consent.

ARTICLE XII

MODIFICATION OF THIS INDENTURE AND THE AGREEMENT

Section 12.01. Supplemental Indentures without Owner Consent. The Issuer and the Trustee may, from time to time and at any time, without the consent of the Owners, enter into a Supplemental Indenture as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in this Indenture;

(b) to add to the covenants and agreements of the Issuer contained in this Indenture or of the Company or of the Insurer or of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants

or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the Company, which shall not materially adversely affect the interests of the Owners of the Bonds;

(c) to confirm, as further assurance, any pledge of or lien on the Revenues or any other moneys, securities or funds subject or to be subjected to the lien of this Indenture;

(d) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(e) to modify, alter, amend or supplement this Indenture or any Supplemental Indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however,* that any such modification, alteration, amendment or supplement pursuant to this Section 12.01(e) shall not take effect until the Insurer (unless an Insurer Default shall have occurred and be continuing) and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, shall have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee shall consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds;

(f) to implement a conversion of the rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under this Indenture of an Alternate Credit Facility or a Substitute Letter of Credit;

(g) to provide for a depository to accept Bonds in lieu of the Trustee;

(h) to modify or eliminate the book-entry registration system for any of the Bonds;

(i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds;

(j) to secure or maintain ratings on the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories of the applicable rating agency or agencies, which changes will not restrict, limit or reduce the obligation of the Issuer to pay the principal of and premium, if any, and interest on the Bonds as provided in this Indenture or otherwise adversely affect the Owners under this Indenture;

(k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies;

(l) to provide for any Substitute Collateral and the release of any First Mortgage Bonds;

(m) to provide for the appointment of a successor Trustee, Registrar or Paying Agent;

(n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code;

(o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds;

(p) to modify, alter, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 12.02 hereof, if the effective date of such Supplemental Indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase pursuant to Section 3.02 hereof and are so purchased; and

(q) to provide for the delivery to the Trustee of an Insurance Policy or replacement of the Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below the Rating Category of AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of the Insurer provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to the Rating Category of AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Section 12.01, there shall have been delivered to the Trustee, the Company, the Insurer and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms, and will not impair the validity under the Act of the Bonds or adversely affect the Tax-Exempt status of the Bonds.

The Trustee shall provide written notice of any Supplemental Indenture to the Insurer, the Bank (or Obligor on an Alternate Credit Facility, as the case may be), Moody's, S&P and the Owners of all Bonds then Outstanding at least 30 days prior to the effective date of such Supplemental Indenture. Such notice shall state the effective date of such Supplemental Indenture and shall briefly describe the nature of such Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Trustee for inspection by the parties mentioned in the preceding sentence.

Section 12.02. Supplemental Indentures Requiring Owner Consent. (a) Except for any Supplemental Indenture entered into pursuant to Section 12.01 hereof, subject to the terms and

provisions contained in this Section 12.02 and not otherwise, the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing), together with the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution and delivery by the Issuer and the Trustee of any Supplemental Indenture deemed necessary or desirable by the Issuer for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Indenture; *provided, however,* that, unless approved in writing by the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing) and the Owners of all the Bonds then affected thereby, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on, any Outstanding Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the Revenues ranking prior to or on a parity with the claim, lien or pledge created by this Indenture (except as referred to in Section 10.04 hereof), or (iii) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required for any such Supplemental Indenture or which is required, under Section 12.06 hereof, for any modification, alteration, amendment or supplement to the Agreement.

(b) If at any time the Issuer shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section 12.02, the Trustee shall cause notice of the proposed Supplemental Indenture to be given by Mail to the Bank, the Insurer, Moody's, S&P and all Owners of Outstanding Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Owners, Moody's, S&P and the Insurer.

(c) Within two years after the date of the mailing of such notice, the Issuer and the Trustee may enter into such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of the Owners, the Bank and the Insurer and (ii) an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and the Act, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

(d) If Owners of not less than the percentage of Bonds required by this Section 12.02 shall have consented to and approved the execution and delivery of a Supplemental Indenture as herein provided, no Owner shall have any right to object to the execution and delivery of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Issuer or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

(e) Subject to the terms and provisions contained in this Section 12.02(e), the Owners of all the Bonds at any time Outstanding shall have the right, and the Issuer and the Trustee by their execution and delivery of this Indenture hereby expressly confer upon such Owners the right, to modify, alter, amend or supplement this Indenture in any respect, including without limitation in respect of the matters described in clauses (i), (ii) and (iii) of the proviso contained in Section 12.02(a) hereof, by delivering to the Issuer, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Trustee and the Company a written instrument or instruments, executed by or on behalf of such Owners, containing a form of Supplemental Indenture which sets forth such modifications, alterations, amendments and supplements, and, upon the expiration of a 30 day period commencing on the date of such delivery during which no notice of objection shall have been delivered by the Issuer or the Trustee to the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and such Owners at an address specified in such written instrument, such Supplemental Indenture shall be deemed to have been approved and confirmed by the Issuer and the Trustee, to the same extent as if actually executed and delivered by the Issuer and the Trustee, and such Supplemental Indenture shall thereupon become and be for all purposes in full force and effect without further action by the Issuer or the Trustee. The foregoing provisions are, however, subject to the following conditions:

(i) no such Supplemental Indenture shall in any way affect the limited nature of the obligations of the Issuer under this Indenture as set forth in Section 2.08 and Section 5.10 hereof or adversely affect any of its rights hereunder;

(ii) no such Supplemental Indenture shall be to the prejudice of the Registrar or the Remarketing Agent and such Supplemental Indenture shall have been consented to by the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Company as required by Section 12.04 hereof; and

(iii) there shall have been delivered to the Issuer, the Trustee, the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and the Act, complies with their respective terms, will, upon the expiration of the aforesaid 30 day period, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

Section 12.03. Effect of Supplemental Indenture. Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article XII, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

Section 12.04. Consent of the Company and the Bank or the Obligor on an Alternate Credit Facility Required; Consent of Insurer. (a) No Supplemental Indenture under this Article XII and no amendment of the Agreement shall become effective unless the Company shall have consented thereto in writing.

(b) No Supplemental Indenture under Section 12.02 hereof or relating to provisions governing Pledged Bonds or the tender or purchase price provisions of the Bonds shall become effective unless the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) shall have consented thereto in writing. No amendment of the Agreement pursuant to subparagraphs (d), (f) or (g) of Section 12.05 hereof or Section 12.06 hereof shall become effective unless the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing) shall have consented thereto in writing.

(c) Any provision of this Indenture expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing).

Section 12.05. Amendment of Agreement without Owner Consent. Without the consent of or notice to the Owners, the Issuer may, with the consent of the Insurer (unless an Insurer Default shall have occurred and be continuing) modify, alter, amend or supplement the Agreement, and the Trustee may consent thereto, as may be required:

(a) by the provisions of the Agreement and this Indenture;

(b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein;

(c) in connection with any other change therein which in the judgment of the Trustee is not materially adverse to the Owners; *provided however,* that any such modification, alteration, amendment or supplement pursuant to this Section 12.05(c) shall not take effect until the Insurer (unless an Insurer Default shall have occurred and be continuing) and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, shall have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee shall consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds;

(d) to secure or maintain ratings on the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories of the applicable rating agency or agencies, which changes will not restrict, limit or reduce the obligation of the Issuer to pay the principal of and premium, if any, and interest on the Bonds as provided in this Indenture or otherwise materially adversely affect the Owners under this Indenture;

(e) in connection with the delivery and substitution of any Substitute Collateral and the release of any First Mortgage Bonds;

(f) to add to the covenants and agreements of the Issuer contained in the Agreement or of the Company or of the Insurer or the Bank (or the Obligor on an

Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to facilitate the delivery and administration of an Alternate Credit Facility or a Substitute Letter of Credit, or to surrender any right or power reserved or conferred upon the Issuer or the Company, which shall not materially adversely affect the interest of the Owners of the Bonds;

(g) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies;

(h) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code;

(i) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds;

(j) to modify, alter, amend or supplement the Agreement in any other respect, including amendments which would otherwise be described in Section 12.06 hereof, if the effective date of such supplement or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase pursuant to Section 3.02 hereof and are so purchased; and

(k) to provide for the delivery to the Trustee of an Insurance Policy or replacement of the Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below the Rating Category of AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of the Insurer provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to the Rating Category of AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

A revision of *Exhibit A* to the Agreement shall not be deemed a modification, alteration, amendment or supplement to the Agreement, or to this Indenture, for any purpose of this Indenture.

Before the Issuer shall enter into, and the Trustee shall consent to, any modification, alteration, amendment or supplement to the Agreement pursuant to this Section 12.05, (a) the Trustee shall cause notice of such proposed modification, alteration, amendment or supplement to be provided to the Bank, the Insurer, Moody's and S&P and stating that a copy thereof is on file at the office of the Trustee for inspection by the Insurer, Moody's and S&P and (b) there shall have been delivered to the Issuer, the Bank, the Insurer and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Agreement or this Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

Section 12.06. Amendment of Agreement Requiring Owner Consent. Except in the case of modifications, alterations, amendments or supplements referred to in Section 12.05 hereof, the Issuer shall not enter into, and the Trustee shall not consent to, any amendment, change or modification of the Agreement without the written approval or consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer (unless an Insurer Default shall have occurred and be continuing) and the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding, given and procured as provided in Section 12.02 hereof; *provided, however,* that, unless approved in writing by the Owners of all Bonds affected thereby, nothing herein contained shall permit, or be construed as permitting, a change in the obligations of the Company under Section 4.01 and Section 4.02 of the Agreement or the nature of the obligations of the Company on the First Mortgage Bonds as provided in Section 4.04 of the Agreement. If at any time the Issuer or the Company shall request the consent of the Trustee to any such proposed modification, alteration, amendment or supplement permitted under this Section 12.06, the Trustee shall cause notice thereof to be given in the same manner as provided by Section 12.02 hereof with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed modification, alteration, amendment or supplement and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by Moody's, S&P and all Owners. The Issuer may enter into, and the Trustee may consent to, any such proposed modification, alteration, amendment or supplement subject to the same conditions and with the same effect as provided in Section 12.02 hereof with respect to Supplemental Indentures.

Before the Issuer shall enter into, and the Trustee shall consent to, any modification, alteration, amendment or supplement to the Agreement pursuant to this Section 12.06, there shall have been delivered to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Agreement or this Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Successors of the Issuer. In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

Section 13.02. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Issuer, the Remarketing Agent, the Registrar, the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, the Trustee and the Owners of Bonds any right, remedy or claim under or by reason of

this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer, the Remarketing Agent, the Registrar, the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, the Trustee and the Owners of Bonds. The Trustee shall have no fiduciary duty to any entity other than the Owner of any Bond as such.

Section 13.03. Severability. In case any one or more of the provisions of this Indenture or of the Agreement or of the Bonds shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture, the Agreement, or of the Bonds, and this Indenture, the Agreement and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 13.04. No Personal Liability of Issuer Officials. No representation, warranty, covenant or agreement contained in the Bonds or in this Indenture or in any of the documents or certificates related thereto shall be deemed to be the representation, warranty, covenant or agreement of any official, elected officer, officer, agent, counsel or employee of the Issuer in his individual capacity, and neither the members of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 13.05. Bonds Owned by the Issuer or the Company. In determining whether the Owners of the requisite aggregate principal amount of the Bonds have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Issuer or the Company or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company (unless the Issuer, the Company or such person owns all Bonds which are then Outstanding, determined without regard to this Section 13.05) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds which the Trustee knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer or the Company or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 13.06. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Indenture.

Section 13.07. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 13.08. Notices. Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions, directions or other communications by the Issuer, the Company, the Insurer, the Trustee, the Company Mortgage Trustee, the Registrar, the Remarketing Agent or the Bank (or the Obligor on an Alternate Credit Facility, as the case may

be) pursuant to this Indenture shall be in writing and shall be sufficiently given and shall be deemed given when sent by Mail, and addressed as follows:

if to the Issuer, to:	Lincoln County County Courthouse 925 Sage Avenue P.O. Box 670 Kemmerer, Wyoming 83101 Attention: Chairman, Board of County Commissioners
if to the Trustee, to:	The Bank of New York Mellon Trust Company, N.A., 2 North LaSalle Street, Suite 1020 Chicago, Illinois 60602 Attention: Global Corporate Trust
if to the Company, to:	PacifiCorp 825 NE Multnomah Street Suite 1900 Portland, Oregon 97232-4116 Attention: Vice President and Treasurer

if to the Registrar, the Company Mortgage Trustee or the Obligor on an Alternate Credit Facility, such address as is designated in writing by it to the Trustee, the Company and the Issuer and if to the Remarketing Agent, at the address specified in the Remarketing Agreement and if to the Bank, at the address specified in the Reimbursement Agreement. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder. Any communications required to be given hereunder by the Company shall be given by an Authorized Company Representative.

Section 13.09. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture or the Agreement, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

Section 13.10. Purchase of Bonds by Trustee and Remarketing Agent. The Trustee and the Issuer agree that in connection with the purchase of any Bonds pursuant to this Indenture, the Trustee and the Remarketing Agent are acting solely on behalf of the Company.

Section 13.11. Notices to Moody's and S&P. The Trustee shall provide prior written notice to Moody's (if the Bonds are then rated by Moody's) and to S&P (if the Bonds are then rated by S&P) of (a) the payment of the principal of, and premium, if any, and interest on, all of the Bonds, (b) the expiration, termination, substitution or extension of the Letter of Credit or an Alternate Credit Facility, as the case may be, (c) the resignation or removal of the Trustee or the Remarketing Agent, (d) any modifications, alterations, amendments or supplements of this Indenture, the Agreement, the Letter of Credit and the Pledge Agreement, and (e) the conversion under Section 2.02 hereof of the method by which interest on the Bonds is determined.

The Trustee, but only with respect to information within its records, and the Company shall provide to Moody's (if the Bonds are then rated by Moody's) any other information that Moody's may reasonably request to maintain the rating on the Bonds.

Section 13.12. System of Registration. In accordance with Section 16-5-502, Wyoming Statutes (1977), as amended, this Indenture shall constitute a "system of registration" for all purposes of the Registered Public Obligations Act of the State.

(Signature page follows.)

IN WITNESS WHEREOF, Lincoln County, Wyoming, has caused these presents to be signed in its name and behalf by the Chairman of the Board of County Commissioners and its official seal to be hereunto affixed and attested by the County Clerk, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be signed in its name and behalf by one of its Vice Presidents, its official seal to be hereunto affixed, and the same to be attested by one of its duly authorized officers, all as November 1, 1994.

LINCOLN COUNTY, WYOMING

[SEAL]

By _____
Chairman,
Board of County Commissioners

ATTEST:

_____
County Clerk

[SEAL]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

By _____
Vice President

ATTEST:

_____
Authorized Officer

EXHIBIT A

(FORM OF BOND)

No. __ $_____

RESTATED

UNITED STATES OF AMERICA

STATE OF WYOMING

LINCOLN COUNTY

POLLUTION CONTROL REVENUE REFUNDING BOND

(PACIFICORP PROJECT)
SERIES 1991

[For Flexible Interest Rate Periods Only]

Interest Rate	Number of Days in Flexible Segment	Mandatory Purchase and Interest Payment Date	Amount of Interest Due for Flexible Segment
_____%	_____	_____	_____

DATED DATE	MATURITY DATE	CUSIP
January 1, 1991	January 1, 2016	_____

Registered Owner: _____

Principal Amount: ---------- DOLLARS ----------

Lincoln County, Wyoming (the *"Issuer"*), a political subdivision duly organized and existing under the Constitution and laws of the State of Wyoming, for value received, hereby promises to pay (but only out of the sources hereinafter provided) to the registered owner identified above, or registered assigns, on January 1, 2016, the principal amount set forth above and to pay (but only out of the sources hereinafter provided) interest on the balance of said principal amount from time to time remaining unpaid from and including the date hereof until payment of said principal amount has been made or duly provided for, at the rates and on the dates determined as described herein and in the Indenture as hereinafter defined, and to pay (but only out of the sources hereinafter provided), except as the provisions hereinafter set forth with respect to redemption, purchase or acceleration prior to maturity may become applicable hereto.

The principal of and premium, if any, on this Bond (as hereinafter defined) are payable in lawful money of the United States of America at the delivery office of The Bank of New York Mellon Trust Company, N.A., or its successors and assigns, as Paying Agent (the *"Paying Agent"*), in Chicago, Illinois. Interest payments on this Bond shall be made by the Paying Agent to the registered owner hereof as of the close of business on the Record Date (as defined in the Indenture) with respect to each Interest Payment Date (as defined in the Indenture) and shall be paid (i) by bank check or draft mailed by first-class mail on the Interest Payment Date to the registered owner hereof at its address as it appears on the registration books of The Bank of New York Mellon Trust Company, N.A., as registrar (the *"Registrar"*), or at such other address as is furnished in writing by such registered owner to the Registrar, or (ii) during any Rate Period other than a Term Interest Rate Period, in immediately available funds (by wire transfer or by deposit to the account of the registered owner of this Bond if such account is maintained with the Paying Agent), but in respect of any registered owner of any Bond or Bonds in a Daily Interest Rate Period or a Weekly Interest Rate Period, only to any registered owner that owns Bonds in an aggregate principal amount of at least $1,000,000 on such Record Date, according to the instructions given by the registered owner hereof to the Registrar or, if no such instructions have been provided as of the Record Date, by check mailed by first-class mail to the registered owner at such registered owner's address as it appears as of the Record Date on the registration books of the Registrar; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owners in whose name any such Bonds are registered as of a special record date to be fixed by the Trustee, notice of which shall be given to such Owners not less than ten (10) days prior thereto. Notwithstanding the foregoing, interest in respect of any Bond bearing a Flexible Interest Rate shall be paid only upon presentation to the Trustee of the Bond on which such payment is due.

THIS BOND AND ALL OTHER BONDS OF THE ISSUE OF WHICH IT FORMS A PART SHALL BE A LIMITED OBLIGATION OF THE ISSUER, SHALL NOT CONSTITUTE NOR GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS, AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR A LOAN OF CREDIT THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION.

This Bond is one of the duly authorized Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 of the Issuer, originally issued in the aggregate principal amount of $45,000,000 (the *"Bonds"*), issued pursuant to proper action duly adopted by the governing authority of the Issuer on January 9, 1991, and the applicable provisions of the Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended (the *"Act"*), and executed under a Trust Indenture, dated as of January 1, 1991, as amended and restated by the Fourth Supplemental Trust Indenture, dated as of June 1, 2010 (as so restated, the *"Indenture"*), each between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the *"Trustee,"* which term shall include any successor Trustee), for the purpose of providing the funds necessary for the refunding of the aggregate outstanding principal amount of certain pollution control revenue bonds previously issued by the Issuer to finance certain pollution control facilities at the Naughton generating plant now owned by PacifiCorp, an Oregon corporation (the *"Company"*). Pursuant to a Loan Agreement, dated as of January 1, 1991, as amended and restated by a Second Supplemental Loan Agreement, dated as of June 1,

2010 (as so restated, the *"Loan Agreement"*), each between the Issuer and the Company, the proceeds of the Bonds have been loaned to the Company. The obligation of the Company to repay such loan is secured by the Company's first mortgage and collateral trust bonds (the *"First Mortgage Bonds"*) issued and delivered to the Trustee as an additional series under the Mortgage and Deed of Trust, dated as of January 9, 1989, from the Company to Chemical Bank, as successor trustee, as heretofore and hereafter amended and supplemented (the *"Company Mortgage"*).

Any term used herein as a defined term but not defined herein shall be defined as in the Indenture.

This Bond and all other Bonds of the issue of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State of Wyoming, particularly the Act, and pursuant to further proceedings adopted by the governing authority of the Issuer, which proceedings authorize the execution and delivery of the Indenture. This Bond and the issue of which it forms a part are limited and not general obligations of the Issuer payable solely from the Revenues and amounts derived under the Loan Agreement and pledged under the Indenture consisting of all amounts payable from time to time by the Company in respect of the indebtedness under the Loan Agreement and the First Mortgage Bonds and all receipts of the Trustee credited under the provisions of the Indenture against said amounts payable, including all amounts drawn by the Trustee under the Letter of Credit or an Alternate Credit Facility. No Owner of any Bond issued under the Act has the right to compel any exercise of the taxing power of the Issuer to pay the Bonds, or the interest or premium, if any, thereon. The Bonds shall not constitute an indebtedness or a general obligation of the Issuer or a loan of credit thereof within the meaning of any constitutional or statutory provision, nor shall any of the Bonds constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

In the manner hereinafter provided and subject to the provisions of the Indenture, the term of the Bonds will be divided into consecutive Rate Periods during each of which the Bonds shall bear interest at the Daily Interest Rate (the *"Daily Interest Rate Period"*), the Weekly Interest Rate (the *"Weekly Interest Rate Period"*), the Term Interest Rate (the *"Term Interest Rate Period"*) or the Flexible Interest Rate (the *"Flexible Interest Rate Period"*). The initial Rate Period for the Bonds shall be a Weekly Interest Rate Period.

This Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication hereof unless it is registered and authenticated after a Record Date and on or prior to the related Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or unless this Bond is registered and authenticated before the Record Date for the first Interest Payment Date, in which event this Bond shall bear interest from its Issue Date; *provided, however,* that if, as shown by the records of the Paying Agent, interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full or duly provided for on the Bonds, or, if no interest has been paid or duly provided for on the Bonds, from the Issue Date of the Bonds. Interest shall be computed, (a) in the case of a Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and (b) in the

case of any other Rate Period, on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed. The term *"Interest Payment Date"* means (i) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month, (ii) with respect to any Term Interest Rate Period, the first day of the sixth month following the commencement of the Term Interest Rate Period and the first day of each sixth month thereafter, (iii) with respect to any Flexible Segment, the Business Day next succeeding the last day thereof, (iv) with respect to any Rate Period, the Business Day next succeeding the last day thereof, and (v) with respect to any Bond when it bears interest at a Flexible Interest Rate, any date on which there is a mandatory purchase with respect to certain instances of an expiration or termination of the Letter of Credit or Alternate Credit Facility, as the case may be. The term *"Business Day"* means a day except a Saturday, Sunday or other day (a) on which commercial banks located in the cities in which the Principal Office of the Bank (or the Principal Office of the Obligor on an Alternate Credit Facility, as the case may be), the Principal Office of the Trustee, the Principal Office of the Remarketing Agent or the Principal Office of the Paying Agent are located are required or authorized by law to remain closed or are closed, or (b) on which The New York Stock Exchange, Inc. is closed.

The Bonds shall be deliverable in the form of registered Bonds without coupons in the following denominations: (i) $100,000 or any integral multiple of $100,000 (*provided* that one Bond need not be in a multiple of $100,000 but may be in such denomination greater than $100,000 as shall be necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate; (ii) $100,000 or any integral multiple of $5,000 in excess of $100,000 when the Bonds bear interest at a Flexible Interest Rate; and (iii) $5,000 or integral multiples of $5,000 when the Bonds bear interest at a Term Interest Rate (such denominations being referred to herein as *"Authorized Denominations"*).

"Record Date" means (a) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, Weekly Interest Rate Period or Flexible Segment, the Business Day next preceding such Interest Payment Date; and (b) with respect to any Interest Payment Date in respect of any Term Interest Rate Period, the fifteenth day of the month preceding such Interest Payment Date.

During each Daily Interest Rate Period, the Bonds shall bear interest at a Daily Interest Rate, determined in accordance with the provisions of the Indenture by the Remarketing Agent on each Business Day for such Business Day or on the next preceding Business Day for any day that is not a Business Day.

During each Weekly Interest Rate Period, the Bonds shall bear interest at a Weekly Rate, determined in accordance with the provisions of the Indenture by the Remarketing Agent no later than the first day of such Weekly Interest Rate Period and thereafter no later than Tuesday of each week during such Weekly Interest Rate Period, unless any such Tuesday shall not be a Business Day, in which event the Weekly Interest Rate shall be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday.

During each Term Interest Rate Period, the Bonds shall bear interest at the Term Interest Rate, determined in accordance with the provisions of the Indenture by the Remarketing Agent on a Business Day selected by the Remarketing Agent but no more than 30 days prior to and not later than the effective date of such Term Interest Rate Period.

During each Flexible Interest Rate Period, each Bond shall bear interest during each Flexible Segment for such Bond at the Flexible Interest Rate for such Bond as described in the Indenture. Each Flexible Segment and Flexible Interest Rate shall be determined in accordance with the provisions of the Indenture by the Remarketing Agent. Each Flexible Segment shall be a period of not less than one nor more than 365 days.

Notwithstanding the foregoing provisions, if any Bonds constitute Pledged Bonds due to a failure in remarketing such Bonds on a mandatory tender date, the Remarketing Agent shall be entitled to determine a new Daily Interest Rate, Weekly Interest Rate or Flexible Interest Rate with respect to such Bonds, as appropriate (in accordance with the terms of, and under the conditions and subject to the limitations provided in, the Indenture), effective on such date as the Remarketing Agent is able to remarket such Pledged Bonds in whole.

In no event shall the interest rate on any Bond be greater than 12% per annum.

At the times and subject to the conditions set forth in the Indenture, the Company may elect that the Bonds shall bear interest at an interest rate, and for a period, different from those then applicable. The Trustee shall give notice of any such adjustment to the owners of the Bonds not less than 20 days prior to the effective date of such adjustment. Notwithstanding anything in the Indenture to the contrary, the Company may rescind any such election and the Bonds will then bear interest as provided in the Indenture.

During any Daily Interest Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased at the option of the owner thereof on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the principal amount thereof) upon (a) delivery to the Trustee at the Delivery Office of the Trustee and to the Remarketing Agent at the Principal Office of the Remarketing Agent, by no later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written notice or an irrevocable notice by telephone, which states the principal amount and the certificate number (if the Bonds are not then held in book-entry form) of such Bond and the date on which the same shall be purchased, and (b) except when a book-entry system is in effect for the Bonds, delivery of such Bond to the Trustee at the Delivery Office of the Trustee, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the registered owner thereof with the signature of such owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc., at or prior to 1:00 p.m., New York time, on the date specified in such notice.

During any Weekly Interest Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased at the option of the owner thereof on any Wednesday, or if

such Wednesday is not a Business Day, the next succeeding Business Day, at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the principal amount thereof), upon (a) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable written notice or an irrevocable notice by telephone (promptly confirmed by telecopy or other writing), by 5:00 p.m., New York time, on any Business Day, which states the principal amount of such Bond and the certificate number (if the Bonds are not held in book-entry form) and the date on which the same shall be purchased, which date shall not be prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee, and (b) except when a book-entry system is in effect for the Bonds, delivery of such Bond to the Trustee at the Delivery Office of the Trustee, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc., at or prior to 1:00 p.m., New York time, on the date specified in such notice.

Any bond or portion thereof in an Authorized Denomination shall be purchased at the option of the owner thereof on the first day of any Term Interest Rate Period which is preceded by a Term Interest Rate Period of equal duration at a purchase price equal to (a) if the Bond is purchased on or prior to the Record Date, 100% of the principal amount thereof plus accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment, in which case the purchase price shall be equal to the principal amount thereof) or (b) if the Bond is purchased after the Record Date, 100% of the principal amount thereof, upon (i) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable notice in writing by 5:00 p.m., New York time, on any Business Day not less than fifteen days before the purchase date, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and (ii) except when a book-entry system is in effect for the Bonds, delivery of such Bond to the Trustee at the Delivery Office of the Trustee, accompanied by an instrument of transfer thereof, in a form satisfactory to the Trustee, executed in blank by the Owner thereof with the signature of such Owner guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc., at or prior to 1:00 p.m., New York time, on the purchase date.

In each case in which a portion of a Bond is purchased, both the portion so purchased and the portion of such Bond not so purchased shall be in Authorized Denominations.

This Bond shall be subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the purchase date: (a) on the effective date of any change in a Rate Period other than the effective date of a Term Interest Rate Period which was preceded by a Term Interest Rate Period of the same duration; (b) during any Flexible Interest Rate Period, on the day next succeeding the last day of any Flexible Segment thereof; (c) on the Business Day preceding an Expiration of the Term of the Letter of Credit or an Expiration of the Term of an Alternate Credit Facility; and (d) on the next succeeding Business Day following the day that the Trustee receives notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that, following a drawing on the Letter of Credit

or the Alternate Credit Facility on an Interest Payment Date for the payment of unpaid interest on the Bonds, the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms. The Bonds are also subject to mandatory purchase during any Term Interest Rate Period on a day that the Bonds would be subject to redemption, at a purchase price equal to 100% the principal amount thereof plus an amount equal to any premium which would have been payable on such redemption date had the Bonds been redeemed if the Company gives notice to the Trustee on the day prior to the redemption date that it elects to have the Bonds purchased in lieu of redemption. If the Bonds are purchased on or prior to the Record Date, the purchase price shall include accrued interest from the Interest Payment Date next preceding the date of purchase to the date of purchase (unless the date of purchase shall be an Interest Payment Date, in which case the purchase price shall be equal to the amount specified in the preceding sentence). If the Bonds are purchased after the Record Date, the purchase price shall not include accrued interest.

The Trustee shall give notice by mail to the Owners of the Bonds at the addresses shown on the registration books kept by the Registrar of a mandatory purchase effected pursuant to clause (c) of the preceding paragraph at least fifteen days prior to such expiration or termination. The Trustee shall give Electronic Notice and notice by overnight mail service to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar of a mandatory purchase effected pursuant to clause (d) of the preceding paragraph immediately upon receipt by the Trustee of notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms.

BY ACCEPTANCE OF THIS BOND, THE REGISTERED OWNER HEREBY AGREES THAT EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, IF THIS BOND IS TO BE PURCHASED AND IF MONEYS SUFFICIENT TO PAY THE PURCHASE PRICE SHALL BE HELD BY THE TRUSTEE ON THE DATE THIS BOND IS TO BE PURCHASED, THIS BOND SHALL BE DEEMED TO HAVE BEEN PURCHASED AND SHALL BE PURCHASED ACCORDING TO THE TERMS OF THE INDENTURE, FOR ALL PURPOSES OF THE INDENTURE, WHETHER OR NOT THIS BOND SHALL HAVE BEEN DELIVERED TO THE TRUSTEE, AND THE OWNER OF THIS BOND SHALL HAVE NO CLAIM HEREON, UNDER THE INDENTURE OR OTHERWISE, FOR ANY AMOUNT OTHER THAN THE PURCHASE PRICE HEREOF.

The Bonds shall be redeemed in whole or in part, and if in part by lot, at any time at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date upon receipt by the Trustee of a written notice from the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility if required by the Alternate Credit Facility)) stating that any of the following events has occurred and that the Company therefore intends to exercise its option to prepay the payments due under the Loan Agreement in whole or in part and thereby effect the redemption of Bonds in whole or in part to the extent of such prepayments: (a) the Company shall have determined that the continued operation of the Plant is impracticable, uneconomical or undesirable for any reason; (b) the Company shall have determined that the continued operation of the Project is impracticable, uneconomical or undesirable due to (i) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as such Project, or other liabilities or burdens with respect to such Project or the operation

thereof, (ii) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (iii) destruction of or damage to all or part of such Project; (c) all or substantially all of the Project or the Plant shall have been condemned or taken by eminent domain; (d) the operation of the Project or the Plant shall have been enjoined or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

The Bonds shall be subject to redemption upon prepayment of the Loan Payments at the option of the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility if required by the Alternate Credit Facility)), in whole, or in part by lot, prior to their maturity dates, as follows:

(i) While the Bonds bear interest at a Flexible Interest Rate or Rates, each Bond shall be subject to such redemption upon prepayment of the amounts due under the Loan Agreement on the day next succeeding the last day of each Flexible Segment for such Bond at a redemption price equal to 100% of the principal amount thereof.

(ii) While the Bonds bear interest at a Daily Interest Rate or a Weekly Interest Rate, the Bonds shall be subject to redemption upon prepayment of the amounts due under the Loan Agreement on any Business Day at a redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption.

(iii) While the Bonds bear interest at a Term Interest Rate, the Bonds shall not be subject to redemption at any time during the Term Interest Rate Periods; *provided however*, in conjunction with an adjustment to a Term Interest Rate Period, the Company may specify applicable redemption provisions, prices and periods.

With respect to any Term Interest Rate Period, the Company may specify in a notice given to the Trustee prior to the effective date of such Term Interest Rate Period, redemption provisions, prices and periods applicable during such Term Interest Rate Period; *provided, however,* that such notice shall be accompanied by an opinion of Bond Counsel to the effect that such changes (a) are authorized or permitted by the Act and the Indenture, and (b) will not adversely affect the Tax-Exempt status of the Bonds.

The Bonds shall be redeemed in whole on any date from amounts which are to be prepaid by the Company under the Loan Agreement, at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the redemption date within 180 days after the occurrence of a Determination of Taxability; *provided* that if, in the opinion of Bond Counsel delivered to the Trustee, the redemption of a specified portion of the Bonds outstanding would have the result that interest payable on the Bonds remaining outstanding after such redemption would remain Tax-Exempt, then the Bonds shall be redeemed in part by lot (in Authorized Denominations), in such amount as Bond Counsel in such opinion shall have determined is necessary to accomplish that result.

A *"Determination of Taxability"* shall be deemed to have occurred if as a result of the Company's failure to observe any covenant, agreement or representation in the Agreement, a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Bond is or was includible in the gross income of an Owner of the Bonds for federal income tax purposes under the Code (other than an Owner who is a "substantial user" or "related person" within the meaning of Section 103(b)(13) of the 1954 Code). However, no such decree or action will be considered final for this purpose unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until conclusion of any appellate review, if sought.

Notice of any optional or mandatory redemption shall be given by first-class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Owners of Bonds appearing on the registration books of the Registrar on the date such notice is mailed. Such notice shall state, among other things, that such redemption shall be conditional upon the receipt of Available Moneys sufficient to pay the principal of, and premium, if any, and interest on such Bonds to be redeemed. In the event such Available Moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such redemption will not take place. If less than all of the Bonds are called for redemption, the Trustee shall select the Bonds or any given portion thereof from the outstanding Bonds or such given portion thereof not previously called for redemption, by lot. For the purpose of any such selection the Trustee shall assign a separate number for each minimum Authorized Denomination of each Bond of a denomination of more than such minimum; *provided* that, following any such selection, both the portion of such Bond to be redeemed and the portion remaining shall be in Authorized Denominations. Notwithstanding the foregoing provisions, Pledged Bonds shall be redeemed prior to any other Bonds.

Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged at the Principal Office of the Registrar for a like aggregate principal amount of Bonds of the same tenor and of Authorized Denominations.

This Bond is transferable by the person in whose name it is registered, in person, or by its attorney duly authorized in writing, at the principal office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond accompanied by a written instrument of transfer in a form approved by the Registrar, duly executed. Upon such transfer a new fully-registered Bond or Bonds in Authorized Denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Issuer, the Registrar, the Trustee and any agent of the Issuer, the Registrar or the Trustee may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and neither the Issuer, the Registrar, the Trustee, any paying agent nor any such agent shall be affected by notice to the contrary.

The Bonds are equally and ratably secured, to the extent provided in the Indenture, by the pledge thereunder of the *"Revenues,"* which term is used herein as defined in the Indenture and which as therein defined means all moneys paid or payable to the Trustee for the account of the Issuer in accordance with the Loan Agreement, the First Mortgage Bonds, the Pledge Agreement and the Insurance Policy, including all moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and deposited in the Bond Fund and the Letter of Credit Fund to pay principal of the Bonds (and premium, if any, on the Bonds if covered by such Letter of Credit or Alternate Credit Facility) upon redemption, at maturity or upon acceleration of maturity, or to pay interest on the Bonds when due, and all receipts credited under the provisions of the Indenture against such payments; *provided, however,* that *"Revenues"* shall not include moneys held by the Trustee to pay the purchase price of Bonds subject to purchase pursuant to the Indenture. The Issuer has also pledged and assigned to the Trustee as security for the Bonds all other rights and interests of the Issuer under the Loan Agreement (other than its rights to indemnification and certain administrative expenses and certain other rights).

The Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

With certain exceptions as provided therein, the Indenture and the Loan Agreement may also be modified or amended only with the consent of the Insurer (unless an Insurer Default as specified in the Indenture shall have occurred and be continuing) and the Owners of not less than 60% in aggregate principal amount of all Bonds then Outstanding under the Indenture. With certain exceptions as provided in the Indenture, the Trustee may not vote the First Mortgage Bonds, or consent with respect thereto, without (a) the consent of the Owners of not less than 60% in aggregate principal amount of all Bonds outstanding under the Indenture; (b) the consent of the Insurer (if its Insurance Policy is in effect and no Insurer Default shall have occurred and be continuing); and (c) the consent of the Bank (if its Letter of Credit is in effect and no Bank Default shall have occurred and be continuing).

Reference is hereby made to the Indenture, the Loan Agreement, the Insurance Policy, the Letter of Credit (or Alternate Credit Facility, as the case may be) and the Tax Certificate, copies of which are on file with the Trustee, and to the First Mortgage Bonds which are held by the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Company, the Trustee, the Registrar, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Remarketing Agent and the Owners of the Bonds. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to and to be bound by the terms and provisions of the Indenture, the Agreement, the Tax Certificate, the Company Mortgage and the First Mortgage Bonds.

The Indenture prescribes the manner in which it may be discharged, including, except as otherwise provided in the Indenture, (a) a provision that the Bonds shall be deemed to be paid if moneys sufficient to pay the principal of, premium, if any, and interest on the Bonds shall have been deposited with the Trustee and all necessary and proper fees, compensation and expenses of the Trustee, the Registrar, the Remarketing Agent, the Insurer and the Bank (or the Obligor on an

Alternate Credit Facility, as the case may be) shall have been paid or provided for, after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds, of delivery of the Bonds to the Trustee for purchase, of mandatory purchase of the Bonds in certain instances of the expiration or the termination of the Letter of Credit or an Alternate Credit Facility and of such payment, and (b) a provision that, if the Bonds mature or are called for redemption prior to the next date upon which the Bonds are subject to purchase pursuant to the Indenture, and if the Company waives its right to convert the interest rate borne by the Bonds, the Bonds shall be deemed to be paid if Government Obligations, as defined therein, maturing as to principal and interest in such amounts and at such times as to insure the availability of sufficient moneys to pay the principal of, premium, if any, and interest on the Bonds and all necessary and proper fees, compensation and expenses of the Trustee and the Registrar, shall have been deposited with the Trustee, after which the Bonds shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, elected official, agent or employee of the Issuer, or any incorporator, officer, director or member of any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or member is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation of indebtedness.

This Bond shall not be entitled to any security or benefit under the Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, Lincoln County, Wyoming, has caused this Bond to be executed in its name with the signature of the Chairman of the Board of County Commissioners and attested by the signature of its County Clerk and its corporate seal to be impressed or imprinted hereon all as of the issue date of January 1, 1991.

LINCOLN COUNTY, WYOMING

By _____
Chairman,
Board of County Commissioners

ATTEST:

_____
County Clerk

[SEAL]

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is to certify that this Bond is one of the Bonds of the Series described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

By _____
Authorized Officer

Date of registration and authentication:

_____

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	—	as tenants in common	UNIF TRAN MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfers to Minors Act of _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

Insert Social Security or Other
Identifying Number of Assignee

_____

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of LINCOLN COUNTY, WYOMING, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____ SIGNATURE: _____

SIGNATURE GUARANTEED:

_____

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

ARTICLE III

MISCELLANEOUS

Section 3.01. Trustee Representations. The Trustee hereby represents that it has not previously entered into any amendments to the Original Indenture or previously consented to any amendments to the Original Loan Agreement. The Trustee further represents that, according to its records, $45,000,000 principal amount of the Bonds are Outstanding.

Section 3.02. Execution of Counterparts. This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03. Effective Date; Original Indenture Remains Effective as Amended. The provisions of this Fourth Supplemental Indenture shall become effective immediately upon the execution and delivery hereof. This Fourth Supplemental Indenture and all terms and provisions herein contained shall form a part of the Original Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Original Indenture, and the Original Indenture remains in full force and effect in accordance with the terms and provisions thereof, as amended and restated hereby.

(*Signature page follows.*)

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed as of the day and year first above written.

LINCOLN COUNTY, WYOMING

By _____
Chairman, Board of County Commissioners

ATTEST AND COUNTERSIGN:

By _____
County Clerk

[SEAL]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Vice President

ATTEST:

By _____
Authorized Officer

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed as of the day and year first above written.

LINCOLN COUNTY, WYOMING

By _____
Chairman, Board of County Commissioners

ATTEST AND COUNTERSIGN:

By _____
County Clerk

[SEAL]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Vice President

ATTEST:

By _____
Authorized Officer

EXHIBIT A

CONSENT OF REMARKETING AGENT, AS OWNER

Responsive to Section 12.04 of the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Indenture"*), between Lincoln County, Wyoming (the *"Issuer"*), and The Bank of New York Mellon Trust Company, N.A. (the *"Trustee"*), Wells Fargo Bank, National Association, Remarketing Agent with respect to the Bonds and as Owner of all Bonds outstanding, hereby consents to the execution and delivery of the attached Fourth Supplemental Trust Indenture, dated as of June 1, 2010, between the Issuer and the Trustee, and the resultant amendment to and restatement of the Original Indenture.

Initially-capitalized terms used and not defined herein have the meanings assigned to such terms in the Original Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Owner of the Bonds

By _____

Its Director

EXHIBIT B

CONSENT OF COMPANY

Responsive to Section 12.04 of the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Indenture"*), between Lincoln County, Wyoming (the *"Issuer"*), and The Bank of New York Mellon Trust Company, N.A. (the *"Trustee"*), PacifiCorp hereby consents to the execution and delivery of the attached Fourth Supplemental Trust Indenture, dated as of June 1, 2010, between the Issuer and the Trustee, and the resultant amendment to and restatement of the Original Indenture.

PACIFICORP

By _____
Authorized Company Representative

REOFFERING CIRCULAR

NOT A NEW ISSUE
Book-Entry Only

The opinion of Chapman and Cutler, Bond Counsel, delivered on January 17, 1991, states that, subject to compliance by the Company and the Issuer with certain covenants, in the opinion of Chapman and Cutler, Bond Counsel, under then existing law (a) interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended), and (b) interest on the Bonds is not treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. However, such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations. Such opinion of Bond Counsel was also to the effect that under then existing law the State of Wyoming imposes no income taxes that would be applicable to interest on the Bonds. Such opinion has not been updated as of the date hereof. See "TAX EXEMPTION" herein for a more complete discussion.

$45,000,000
LINCOLN COUNTY, WYOMING
POLLUTION CONTROL REVENUE REFUNDING BONDS
(PACIFICORP PROJECT)
SERIES 1991

Dated: January 17, 1991 **Due: January 1, 2016**

The Bonds described in this Reoffering Circular are limited obligations of the Issuer and, except to the extent payable from Bond proceeds and certain other moneys pledged therefor, are payable solely from and secured by a pledge of payments to be made under the Loan Agreement entered into by the Issuer with, and secured by First Mortgage Bonds issued by,

PacifiCorp

On June 1, 2010, the Bonds will be remarketed and will bear interest at a Weekly Interest Rate payable the first Business Day of each month commencing July 1, 2010. The initial Weekly Interest Rate and each subsequent Weekly Interest Rate to be borne by the Bonds will be determined by the Remarketing Agent. Thereafter, the interest rate on the Bonds may be changed from time to time to Daily, Weekly, Flexible or Term Interest Rates, designated and determined in accordance with the Indenture and, in the case of the Daily and Weekly Interest Rates, as described herein. The Bonds are subject to purchase at the option of the owners thereof and, under certain circumstances, are subject to mandatory purchase in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

Following the remarketing of the Bonds on June 1, 2010, the payment of the principal of and interest on the Bonds and the payment of the purchase price of the Bonds tendered for purchase and not remarketed will be supported by an irrevocable Letter of Credit issued by Wells Fargo Bank, National Association, to The Bank of New York Mellon Trust Company, N.A., as Trustee, for the benefit of the registered holders of the Bonds.

Wells Fargo Bank, National Association

The Letter of Credit will expire by its terms on June 1, 2011, unless it expires earlier in accordance with its terms. The Letter of Credit will be automatically extended to, and shall expire on June 1, 2012, unless the Trustee receives notice of the Bank's election not to extend on or before May 2, 2011. The Letter of Credit may be replaced by an Alternate Credit Facility as permitted under the Indenture and Loan Agreement. Unless the Letter of Credit is extended before its scheduled expiration date, the Bonds will be subject to mandatory tender for purchase prior to such expiration date. THIS REOFFERING CIRCULAR ONLY PERTAINS TO THE BONDS WHILE THEY ARE SECURED BY THE LETTER OF CREDIT PROVIDED BY THE BANK.

The Bonds are issuable as fully registered Bonds without coupons and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York. DTC initially will act as securities depository for the Bonds. Only beneficial interests in book-entry form are being offered. The Bonds are issuable during any Weekly Interest Rate Period in denominations of $100,000 and any integral multiple thereof (provided that one Bond need not be in a multiple of $100,000 but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations). So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the principal of and premium, if any, and interest on the Bonds will be paid by the Trustee directly to DTC, which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry System."

Price 100%

The Bonds are reoffered by the Remarketing Agent referred to below, subject to withdrawal or modification of the offer without notice and certain other conditions. At the time of the original issuance and delivery of the Bonds, Chapman and Cutler, Bond Counsel to the Company, delivered its opinion as to the legality of the Bonds. Such opinion spoke only as to its date of delivery and will not be reissued in connection with this reoffering. Certain legal matters in connection with the reoffering will be passed upon by Chapman and Cutler LLP, Bond Counsel to the Company. Certain legal matters in connection with the remarketing will be passed upon for PacifiCorp by Paul J. Leighton, Esq., counsel to the Company. Certain legal matters will be passed upon for the Remarketing Agent by King & Spalding LLP. It is expected that delivery of the Bonds will be made through the facilities of DTC in New York, New York, on or about June 1, 2010.

Wells Fargo Bank, National Association

May 25, 2010

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Reoffering Circular in connection with the offering made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by Lincoln County, Wyoming (the *"Issuer"*), PacifiCorp (the *"Company"*) or Wells Fargo Bank, National Association, as Remarketing Agent. Neither the delivery of this Reoffering Circular nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuers or the Company any since the date hereof. The Remarketing Agent has reviewed the information in this Reoffering Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but does not guarantee the accuracy or completeness of such information. This Reoffering Circular does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offering or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The Issuer has not assumed nor will it assume any responsibility as to the accuracy or completeness of the information in this Reoffering Circular. Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal state, municipal or other governmental entity will have passed upon the accuracy or adequacy of this Reoffering Circular or, other than the Issuer, approved the Bonds for sale.

In connection with this offering, the Remarketing Agent may overallot or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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REOFFERING CIRCULAR

$45,000,000
LINCOLN COUNTY, WYOMING
POLLUTION CONTROL REVENUE REFUNDING BONDS
(PACIFICORP PROJECT)
SERIES 1991

INTRODUCTORY STATEMENT

This Reoffering Circular, including the Appendices hereto and the documents incorporated by reference herein, is provided to furnish certain information with respect to the reoffering by Lincoln County, Wyoming (the *"Issuer"*) of $45,000,000 aggregate principal amount of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991(the *"Bonds"*).

The Bonds have been issued under a Trust Indenture, dated as of January 1, 1991, as heretofore amended, supplemented and restated (the *"Trust Indenture"*), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*), as further amended and restated by a Fourth Supplemental Trust Indenture, dated as of June 1, 2010, (the *"Fourth Supplemental Indenture"*), between the Issuer and the Trustee, and under a resolution of the governing body of the Issuer. The Trust Indenture, as amended and restated by the Fourth Supplemental Indenture, is sometimes referred to herein as the *"Indenture."* Pursuant to a Loan Agreement, dated as of January 1, 1991, as heretofore amended, supplemented and restated (the *"Original Loan Agreement"*), between PacifiCorp (the *"Company"*) and the Issuer, as further amended and restated by a Second Supplemental Loan Agreement, dated as of June 1, 2010, between the Company and the Issuer (the *"Second Supplemental Loan Agreement"*), the Issuer has lent the proceeds from the original sale of the Bonds to the Company. The Original Loan Agreement, as amended and restated by the Second Supplemental Loan Agreement, is sometimes referred to herein as the *"Loan Agreement."*

The proceeds of the Bonds were used, together with certain other moneys of the Company, to refund all of the outstanding $45,000,000 principal amount of Lincoln County, Wyoming Pollution Control Revenue Bonds 11-1/8% Series due April 1, 2011 (Utah Power & Light Company Project) (the *"Prior Bonds"*). The Prior Bonds were assumed by the Company as the surviving corporation in its 1989 merger with Utah Power & Light Company, a Utah corporation, and PacifiCorp, a Maine corporation. The Prior Bonds were issued to finance certain qualifying air pollution control facilities as described herein. See "THE PROJECT."

In order to secure the Company's obligation to repay the loan made to it by the Issuer under the Loan Agreement, the Company has issued and delivered to the Trustee its First Mortgage and Collateral Trust Bonds, Fourth 2003 Series (the *"First Mortgage Bonds"*) in a principal amount equal to the principal amount of the Bonds. The First Mortgage Bonds may be released upon delivery of collateral in substitution for the First Mortgage Bonds provided that certain conditions are met as described below under "THE LOAN AGREEMENT—Loan Payments;

The First Mortgage Bonds." The First Mortgage Bonds were issued under the Mortgage and Deed of Trust, dated as of January 9, 1989 between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Company Mortgage Trustee"*), as supplemented and amended by various supplemental indentures, including a Fifteenth Supplemental Indenture, dated as of June 1, 2003 (the *"Fifteenth Supplemental Indenture"*), all collectively hereinafter referred to as the *"Company Mortgage."* As holder of the First Mortgage Bonds, the Trustee will, ratably with the holders of all other first mortgage bonds outstanding under the Company Mortgage, enjoy the benefit of a lien on properties of the Company. See "THE FIRST MORTGAGE BONDS—Security" for a description of the properties of the Company subject to the lien of the Company Mortgage. The Bonds will not otherwise be secured by a mortgage of, or security interest in, the Project (as hereinafter defined). The First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the *"Owners"* of the Bonds and will not be transferable except to a successor trustee under the Indenture. *"Owner"* means the registered owner of any Bond; *provided, however,* when used in the context of the Tax-Exempt (as hereinafter defined) status of the Bonds, the term *"Owner"* includes each actual purchaser of any Bond (*"Beneficial Owner"*).

The Bonds, together with the premium, if any, and interest thereon, will be limited obligations and not general obligations of the Issuer. None of the Indenture, the Bonds or the Loan Agreement constitutes a debt or gives rise to a general obligation or liability of the Issuer or constitutes an indebtedness under any constitutional or statutory debt limitation. The Bonds will not constitute or give rise to a pecuniary liability of the Issuer thereof and will not constitute any charge against the Issuer's general credit or taxing powers; nor will the Bonds constitute an indebtedness of or a loan of credit of the Issuer. The Bonds are payable solely from the receipts and revenues to be received from the Company as payments under the Loan Agreement, or otherwise on the First Mortgage Bonds, and from any other moneys pledged therefor. Such receipts and revenues and all of the Issuer's rights and interests under the Loan Agreement (except as noted under "THE INDENTURE—Pledge and Security" below) are pledged and assigned to the Trustee as security, equally and ratably, for the payment of the Bonds. The payments required to be made by the Company under the Loan Agreement, or otherwise on the First Mortgage Bonds, will be sufficient, together with other funds available for such purpose, to pay the principal of and premium, if any, and interest on the Bonds. Under no circumstances will the Issuer have any obligation, responsibility or liability with respect to the Project, the Loan Agreement, the Indenture, the Bonds or this Reoffering Circular, except for the special limited obligation set forth in the Indenture and the Loan Agreement whereby the Bonds are payable solely from amounts derived from the Company and the Letter of Credit (or Alternate Credit Facility (as hereinafter defined), as the case may be). Nothing contained in the Indenture, the Bonds or the Loan Agreement, or in any other related documents may be construed to require the Issuer to operate, maintain or have any responsibility with respect to the Project. The Issuer has no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse may be had against any past, present or future commissioner, officer, employee, official or agent of the Issuer under the Indenture, the Bonds, the Loan Agreement or any related document. The Issuer has no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds.

The Bonds will be supported by an irrevocable Letter of Credit (the *"Letter of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*) in favor of the Trustee, as beneficiary.

Under the Letter of Credit, the Trustee will be entitled to draw, upon a properly presented and conforming drawing, up to an amount sufficient to pay one hundred percent (100%) of the principal amount of the Bonds on the date of the draw (whether at maturity, upon acceleration, mandatory or optional purchase or redemption), plus 48 days' accrued interest on the Bonds, at a rate of up to the maximum interest rate of twelve percent (12%) per annum calculated on the basis of a year of 365 days for the actual days elapsed, so long as the Bonds bear interest at the Weekly Interest Rate or the Daily Interest Rate. The Company has agreed to reimburse the Bank for drawings made under the Letter of Credit and to make certain other payments to the Bank. The Letter of Credit will expire on June 1, 2011, unless extended or earlier terminated in accordance with its terms. See "THE LETTER OF CREDIT."

The Bank has also been appointed by the Company as Remarketing Agent with respect to the Bonds (in such capacity, the *"Remarketing Agent"*). The Company will enter into a Remarketing Agreement with the Remarketing Agent with respect to the Bonds to be remarketed by the Remarketing Agent.

Under certain circumstances described in the Loan Agreement, the Letter of Credit may be replaced by an alternate credit facility supporting payment of the principal of and interest on the Bonds when due and for the payment of the purchase price of tendered or deemed tendered Bonds (an *"Alternate Credit Facility"*). The entity or entities, as the case may be, obligated to make payment on an Alternate Credit Facility are referred to herein as the *"Obligor on an Alternate Credit Facility."* Under certain circumstances, the replacement of the Letter of Credit or an Alternate Credit Facility will result in the mandatory purchase of Bonds. See "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

Brief descriptions of the Issuer, the Project and the Bank and summaries of certain provisions of the Bonds, the Loan Agreement, the Letter of Credit, the Indenture and the First Mortgage Bonds are included in this Reoffering Circular, including the Appendices hereto. Information regarding the business, properties and financial condition of the Company is included in and incorporated by reference in APPENDIX A hereto. A brief description of the Bank is included as APPENDIX B hereto. APPENDIX C sets forth the approving opinion of Chapman and Cutler, Bond Counsel, delivered on the date of original issuance of the Bonds. APPENDIX D sets for the form of opinion of Chapman and Cutler LLP, relating to the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement and the delivery of the Letter of Credit. Included as APPENDIX F is a copy of the Continuing Disclosure Agreement that was executed and delivered by the Company on June 2, 2003 (the *"Continuing Disclosure Agreement"*), with respect to the Bonds.

The descriptions herein of the Loan Agreement, the Indenture, the Company Mortgage and the Letter of Credit are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds and the First Mortgage Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid

documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforcement of creditors' rights generally. Copies of such documents, except the Company Mortgage, may be obtained from the principal corporate trust office of the Trustee in Chicago, Illinois. The Company Mortgage is available for inspection at the office of the Company and at the principal office of the Company Mortgage Trustee in New York, New York.

This Reoffering Circular provides certain information with respect to the Bank, the terms of, and security for the Bonds and other related matters. While certain information relating to the Company is included and incorporated within, the Bonds are being remarketed on the basis of the Letter of Credit and the financial strength of the Bank and are not being remarketed on the basis of the financial strength of the Issuer, the Company or any other security. This Reoffering Circular does not describe the financial condition of the Company and no representation is made concerning the financial status or prospects of the Company or the value or financial viability of the Project.

As this Reoffering Circular is being initially circulated in connection with the adjustment to a Weekly Interest Rate Period and the delivery of the Letter of Credit, generally only the Daily and Weekly Interest Rate Periods are described herein.

THE ISSUER

Lincoln County is a political subdivision, duly organized and existing under the Constitution and laws of Wyoming. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended (the *"Act"*), Lincoln County was and is authorized to issue the Bonds, to enter into the Indenture and the Loan Agreement to which it is a party and to secure the Bonds by a pledge to the Trustee of the payments to be made by the Company under such Loan Agreement and the First Mortgage Bonds.

THE PROJECT

The Prior Bonds were issued to finance qualifying air pollution control facilities (the *"Project"*) for the Naughton coal-fired electric generating plant (the *"Plant"*) located in Lincoln County.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is hereby made to the form of the Bonds in its entirety for the detailed provisions thereof. Initially capitalized terms used herein and not otherwise defined are used as defined in the Indenture.

GENERAL

The Bonds have been issued only as fully registered Bonds without coupons in the manner described below. The Bonds were dated as of their initial date of delivery and mature on

the date set forth on the cover page of this Reoffering Circular. The Bonds may bear interest at Daily, Weekly, Flexible or Term Interest Rates designated and determined from time to time in accordance with the Indenture and, with respect to the Daily and Weekly Interest Rates, as described herein. Following the reoffering of the Bonds on June 1, 2010, the Rate Period (as defined below) for the Bonds will be a Weekly Interest Rate Period. The Bonds are subject to purchase at the option of the holders of the Bonds, and under certain circumstances are subject to mandatory purchase, in the manner and at the times described herein. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

Bonds may be transferred or exchanged for other Bonds in authorized denominations at the principal office of the Trustee as the registrar and paying agent (in such capacities, the *"Registrar"* and the *"Paying Agent"*). The Bonds will be issued in authorized denominations of $100,000 or any integral multiple of $100,000 (provided that one Bond need not be in a multiple of $100,000, but may be in such denomination greater than $100,000 as is necessary to account for any principal amount of the Bonds not corresponding directly with $100,000 denominations) when the Bonds bear interest at a Daily or Weekly Interest Rate (the *"Authorized Denominations"*). Exchanges and transfers will be made without charge to the Owners, except for any applicable tax or other governmental charge.

A *"Business Day"* is a day except a Saturday, Sunday or other day (a) on which commercial banks located in the cities in which the principal office of the Bank or the principal office of the Obligor on an Alternate Credit Facility, as the case may be, the principal office of the Trustee, the principal office of the Remarketing Agent or the principal office of the Paying Agent are located are required or authorized by law to remain closed or are closed, or (b) on which The New York Stock Exchange, Inc. is closed.

"Expiration of the Term of an Alternate Credit Facility" means (a)(i) the date specified in the Alternate Credit Facility as the expiration date for the Alternate Credit Facility, (ii) the date on which an Alternate Credit Facility is delivered or substituted in accordance with the provisions hereof and of the Agreement for the commitment of the then-existing Obligor on an Alternate Credit Facility or (iii) the date on which the Company terminates the Alternate Credit Facility in accordance the Loan Agreement, or (b) the date on which the commitment of the Obligor on an Alternate Credit Facility to provide moneys for the purchase of Bonds pursuant to the Alternate Credit Facility is otherwise terminated in accordance with its terms. See also "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

"Expiration of the Term of the Letter of Credit" means (a)(i) the *"Expiration Date"* as defined in the Letter of Credit or (ii) the date on which an Alternate Credit Facility is delivered or substituted for the Letter of Credit in accordance with the provisions hereof and of the Agreement or (iii) the date on which the Company terminates the Letter of Credit in accordance with the Loan Agreement, or (b) the date on which the commitment of the Bank to provide moneys for the purchase of Bonds pursuant to the Letter of Credit is otherwise terminated in accordance with its terms. See also "THE LOAN AGREEMENT—The Letter of Credit; Alternate Credit Facility."

"Interest Payment Date" means (a) with respect to any Daily or Weekly Interest Rate Period, the first Business Day of each calendar month and (b) with respect to any Rate Period, the Business Day next succeeding the last day thereof.

"Pledged Bonds" means Bonds purchased with moneys drawn under the Letter of Credit to be deemed owned by the Company for purposes of granting a first priority lien upon Pledged Bonds hereunder, registered in the name of the Bank, as pledgee, or in the name of the Trustee (or its nominee), as agent for the Bank, delivered to or upon the direction of the Bank pursuant to the Indenture.

"Rate Period" means any Daily Interest Rate Period, Weekly Interest Rate Period, Flexible Interest Rate Period or Term Interest Rate Period.

"Record Date" means with respect to any Interest Payment Date in respect of any Daily Interest Rate Period or Weekly Interest Rate Period, the Business Day next preceding such Interest Payment Date.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is not includible in gross income of the owners of such obligations for federal income tax purposes, except for any interest on any such obligations for any period during which such obligations are owned by a person who is a "substantial user" of any facilities financed or refinanced with such obligations or a "related person" within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), whether or not such interest is includible as an item of tax preference or otherwise includible directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Internal Revenue Code of 1986, as amended (the *"Code"*).

PAYMENT OF PRINCIPAL AND INTEREST

The principal of and premium, if any, on the Bonds is payable to the Owners upon surrender thereof at the principal office of the Paying Agent. Except when the Bonds are held in book-entry form (see *"Book-Entry System"*), interest is payable (i) by bank check or draft mailed by first class mail on the Interest Payment Date to the Owners as of the Record Date or (ii) in immediately available funds (by wire transfer or by deposit to the account of the Owner of any such Bond if such account is maintained with the Paying Agent), but in respect of any Owner of Bonds in a Daily or Weekly Interest Rate Period only to any Owner which owns Bonds in an aggregate principal amount of at least $1,000,000 on the Record Date and who has provided wire transfer instructions to the Paying Agent prior to the close of business on such Record Date.

Interest on each Bond is payable on each Interest Payment Date for each such Bond for the period commencing on the immediately preceding Interest Payment Date (or if no interest has been paid thereon, commencing on the date of issuance thereof) to, but not including, such Interest Payment Date. Interest is computed, in the case of any Daily or Weekly Interest Rate Period, on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed.

RATE PERIODS

The term of the Bonds is divided into consecutive Rate Periods, during which such Bonds bear interest at a Daily Interest Rate, Weekly Interest Rate, Flexible Interest Rate or Term Interest Rate.

WEEKLY INTEREST RATE PERIOD

Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the Bonds bear interest at the Weekly Interest Rate determined by the Remarketing Agent no later than the first day of such Weekly Interest Rate Period and thereafter no later than Tuesday of each week during such Weekly Interest Rate Period, unless any such Tuesday is not a Business Day, in which event the Weekly Interest Rate will be determined by the Remarketing Agent no later than the Business Day next preceding such Tuesday.

The Weekly Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Weekly Interest Rate for any period, the Weekly Interest Rate will be the same as the Weekly Interest Rate for the immediately preceding week. The first Weekly Interest Rate determined for each Weekly Interest Rate Period applies to the period commencing on the first day of the Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate applies to the period commencing on each Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period applies to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day. In no event may the Weekly Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

Adjustment to Weekly Interest Rate Period. The interest rate borne by the Bonds may be adjusted to a Weekly Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice must specify the effective date of such adjustment to a Weekly Interest Rate, which must be a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee); *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Weekly Interest Rate Period may not precede such redemption date.

Notice of Adjustment to Weekly Interest Rate Period. The Trustee will give notice by mail of an adjustment to a Weekly Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Weekly Interest Rate Period. Such notice must state (a) that the

interest rate on such Bonds will be adjusted to a Weekly Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Weekly Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DAILY INTEREST RATE PERIOD

Determination of Daily Interest Rate. During each Daily Interest Rate Period, the Bonds bear interest at the Daily Interest Rate determined by the Remarketing Agent either on each Business Day for such Business Day or on the next preceding Business Day for any day that is not a Business Day.

The Daily Interest Rate is the rate determined by the Remarketing Agent (based on an examination of Tax-Exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the lowest rate which would enable the Remarketing Agent to sell the Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent has not determined a Daily Interest Rate for any day by 10:00 a.m., New York time, the Daily Interest Rate for such day will be the same as the Daily Interest Rate for the immediately preceding Business Day. In no event may the Daily Interest Rate exceed the lesser of 12% per annum or the rate specified in any Letter of Credit or Alternate Credit Facility then in effect (initially 12% per annum).

Adjustment to Daily Interest Rate Period. The interest rate borne by the Bonds may be adjusted to a Daily Interest Rate upon receipt by the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, of a written notice from the Company. Such notice must specify the effective date of the adjustment to a Daily Interest Rate, which must be a Business Day not earlier than the twentieth day following the third Business Day after the date of receipt by the Trustee and Paying Agent of such notice (or such shorter period after the date of such receipt as is acceptable to the Trustee); *provided, however*, that if prior to the Company's making such election, any Bonds have been called for redemption and such redemption has not theretofore been effected, the effective date of such Daily Interest Rate Period may not precede such redemption date.

Notice of Adjustment to Daily Interest Rate Period. The Trustee will give notice by mail of an adjustment to a Daily Interest Rate Period to the Owners not less than 20 days prior to the effective date of such Daily Interest Rate Period. Such notice must state (a) that the interest rate on such Bonds will be adjusted to a Daily Interest Rate (subject to the Company's ability to rescind its election as described below under *"Rescission of Election"*), (b) the effective date of such Daily Interest Rate Period, (c) that such Bonds are subject to mandatory purchase on such effective date, (d) the procedures for such mandatory purchase, (e) the purchase price of such Bonds on the effective date (expressed as a percentage of the principal amount thereof), and (f) that the Owners of such Bonds do not have the right to retain their Bonds on such effective date.

DETERMINATION CONCLUSIVE

The determination of the interest rates referred to above is conclusive and binding upon the Remarketing Agent, the Trustee, the Paying Agent, the Issuer, the Company and the Owners of the Bonds.

RESCISSION OF ELECTION

The Company may rescind any election by it to adjust to a Rate Period prior to the effective date of such adjustment by giving written notice of rescission to the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) prior to such effective date. At the time the Company gives notice of the rescission, it may also elect in such notice to continue the Rate Period then in effect. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Owners of the change in Rate Periods, then such notice of change in Rate Periods is of no force and effect and will not be given to the Owners. If the Trustee receives notice of such rescission after the Trustee has given notice to the Owners of an adjustment or an attempted adjustment from one Rate Period to another Rate Period does not become effective for any other reason, then the Rate Period for the Bonds will automatically adjust to or continue in a Daily Interest Rate Period and the Trustee will immediately give notice thereof to the Owners of the Bonds. If a Daily Interest Rate for the first day of any Daily Interest Rate Period to which a Rate Period is adjusted in accordance with this paragraph is not determined as described in "-Daily Interest Rate Period-Determination of Daily Interest Rate," the Daily Interest Rate for the first day of such Daily Interest Rate Period will be 80% of the most recent One-Year Note Index theretofore published in *The Bond Buyer* (or, if *The Bond Buyer* is no longer published or no longer publishes the One-Year Note Index, the one-year note index contained in the publication determined by the Remarketing Agent as most comparable to *The Bond Buyer*). The Trustee will immediately give written notice of each such automatic adjustment to a Rate Period as described in this paragraph to the Owners.

Notwithstanding the rescission by the Company of any notice to adjust or continue a Rate Period, if notice has been given to Owners of such adjustment or continuation, the Bonds are subject to mandatory purchase as specified in such notice.

OPTIONAL PURCHASE

Weekly Interest Rate Period. During any Weekly Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Wednesday, or if such Wednesday is not a Business Day, the next succeeding Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee of an irrevocable written notice or telephonic notice (promptly confirmed by telecopy or other writing) by 5:00 p.m., New York time, on any Business Day, which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of

such Bond to be purchased and the date on which such Bond is to be purchased, which date may not be prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on the purchase date specified in such notice.

Daily Interest Rate Period. During any Daily Interest Rate Period, any Bond (or portions thereof in Authorized Denominations) will be purchased at the option of the owner thereof on any Business Day at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) delivery to the Trustee at the Delivery Office of the Trustee and to the Remarketing Agent at the Principal Office of the Remarketing Agent, not later than 11:00 a.m., New York time, on such Business Day, of an irrevocable written or telephonic notice (promptly confirmed by telecopy or other writing), which states the principal amount and certificate number (if the Bonds are not then held in book-entry form) of such Bond to be purchased and the date of such purchase; and

(b) except when the Bond is held in book-entry form, delivery of such Bond, accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its Owner, with such signature guaranteed by a bank, trust company or member firm of the New York Stock Exchange, Inc. to the Delivery Office of the Trustee at or prior to 1:00 p.m., New York time, on such purchase date.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE BENEFICIAL OWNER OF THE BONDS THROUGH ITS DIRECT PARTICIPANT (AS HEREINAFTER DEFINED) MUST GIVE NOTICE TO THE TRUSTEE TO ELECT TO HAVE SUCH BONDS PURCHASED, AND MUST EFFECT DELIVERY OF SUCH BONDS BY CAUSING SUCH DIRECT PARTICIPANT TO TRANSFER ITS INTEREST IN THE BONDS EQUAL TO SUCH BENEFICIAL OWNER'S INTEREST ON THE RECORDS OF DTC TO THE TRUSTEE'S PARTICIPANT ACCOUNT WITH DTC. THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DTC PARTICIPANTS ON THE RECORDS OF DTC. SEE "—BOOK-ENTRY SYSTEM."

MANDATORY PURCHASE

The Bonds are subject to mandatory purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the purchase date described below, upon the occurrence of any of the events stated below:

(a) on the effective date of any change in a Rate Period; or

(b) on the Business Day preceding an Expiration of the Term of the Letter of Credit or an Expiration of the Term of an Alternate Credit Facility; or

(c) on the next succeeding Business Day following the day that the Trustee receives notice from the Bank or the Obligor on an Alternate Credit Facility, as the case may be, that, following a drawing on the Letter of Credit or the Alternate Credit Facility on an Interest Payment Date for the payment of unpaid interest on the Bonds, the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms.

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (b) of the preceding paragraph, the Trustee will give notice by mail to the Remarketing Agent and the Owners of the Bonds of the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, not less than 15 days prior to the Expiration of the Term of the Letter of Credit or the Expiration of the Term of an Alternate Credit Facility, as the case may be, which notice must (a) describe generally the Letter of Credit or any Alternate Credit Facility in effect prior to such Expiration, and any Alternate Credit Facility to be in effect upon such Expiration and state the effect date and the name of the provider thereof; (b) state the date of the Expiration; (c) state the rating or ratings, if any, which the Bonds are expected to receive from any rating agency following such Expiration; (d) state that the Bonds are subject to mandatory purchase; (e) state the purchase date; and (f) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the New York office designated by the Trustee as the "Delivery Office of the Trustee."

If the Bonds are subject to mandatory purchase in accordance with the provisions described in subparagraph (c) of the preceding paragraph, the Trustee will, immediately upon receipt of notice from the Bank or the Obligor on a Alternate Credit Facility, as the case may be, that the Letter of Credit or the Alternate Credit Facility will not be reinstated in accordance with its terms, give notice electronically and notice by overnight mail service to the Remarketing Agent and to the Owners of the Bonds at their addresses shown on the registration books kept by the Registrar, which notice shall (a) describe generally any Letter of Credit or any Alternate Credit Facility in effect prior to such mandatory purchase; (b) state that the Letter of Credit or the Alternate Credit Facility, as the case may be, is not being reinstated in accordance with its terms; (c) state that the Bonds are subject to mandatory purchase; (d) state the purchase date; and (e) except when the Bonds are held in book-entry form, state that the Bonds must be delivered to the Delivery Office of the Trustee.

FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, NOTICES OF MANDATORY PURCHASE OF BONDS WILL BE GIVEN BY THE TRUSTEE TO DTC ONLY, AND NEITHER THE ISSUER, THE TRUSTEE, THE COMPANY NOR THE REMARKETING AGENT HAS ANY RESPONSIBILITY FOR THE DELIVERY OF ANY SUCH NOTICES BY DTC TO ANY DIRECT PARTICIPANTS OF DTC, BY ANY DIRECT PARTICIPANTS TO ANY INDIRECT PARTICIPANTS OF DTC OR BY ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO BENEFICIAL OWNERS OF THE BONDS. FOR SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM, THE REQUIREMENT FOR PHYSICAL DELIVERY OF THE BONDS IN CONNECTION WITH ANY PURCHASE PURSUANT TO THE PROVISIONS DESCRIBED ABOVE ARE DEEMED

SATISFIED WHEN THE OWNERSHIP RIGHTS IN THE BONDS ARE TRANSFERRED BY DIRECT PARTICIPANTS ON THE RECORDS OF DTC. SEE "BOOK-ENTRY SYSTEM."

PURCHASE OF BONDS

On the date on which Bonds are delivered to the Trustee for purchase as specified above under "—Optional Purchase" or "—Mandatory Purchase," the Trustee will pay the purchase price of such Bonds solely from the following sources in the order of priority indicated, and the Trustee has no obligation to use funds from any other source:

(a) Available Moneys (as hereinafter defined) furnished by the Company to the Trustee for the purchase of Bonds;

(b) proceeds of the sale of such Bonds (other than Bonds sold to the Company, any subsidiary of the Company, any guarantor of the Company, or the Issuer or any "insider" (as defined in the United States Bankruptcy Code) of any of the aforementioned) by the Remarketing Agent;

(c) Available Moneys or moneys provided pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, for the payment of the purchase price of the Bonds furnished by the Trustee pursuant to the Indenture for the purchase of Bonds deemed paid in accordance with the defeasance provisions of the Indenture;

(d) moneys furnished pursuant to the Letter of Credit or an Alternate Credit Facility, as the case may be, to the Trustee for the payment of the purchase price of the Bonds; and

(e) any other moneys furnished by the Company to the Trustee for purchase of the Bonds;

provided, however, that funds for the payment of the purchase price of defeased Bonds may be derived only from the sources described in (c) above.

"Available Moneys" means (a) during such time as a Letter of Credit or an Alternate Credit Facility is in effect, (i) moneys on deposit in trust with the Trustee as agent and bailee for the Owners of the Bonds for a period of at least 123 days prior to and during which no petition in bankruptcy or similar insolvency proceeding has been filed by or against the Company or the Issuer (or any subsidiary of the Company, any guarantor of the Company or any insider (as defined in the United States Bankruptcy Code), to the extent that such moneys were deposited by any of such subsidiary, guarantor or insider) or is pending (unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal) and (ii)(A) proceeds of the issuance of refunding bonds (including proceeds from the investment thereof), and (B) any other moneys, if, in the written opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Company (which opinion shall be in a form acceptable to the Trustee, to Moody's, if the Bonds are then rated by Moody's, and to S&P, if the Bonds are then rated by S&P and shall be delivered to the Trustee at or prior to the time of the deposit of such proceeds

with the Trustee), the deposit and use of such proceeds (referred to in clause (A) above) or other moneys (referred to in clause (B) above) will not constitute a voidable preference under Section 547 of the United States Bankruptcy Code in the event either the Issuer or the Company were to become a debtor under the United States Bankruptcy Code, and (b) at any time that a Letter of Credit or an Alternate Credit Facility is not in effect, any moneys on deposit with the Trustee as agent and bailee for the Owners of the Bonds and proceeds from the investment thereof.

REMARKETING OF BONDS

The Remarketing Agent will offer for sale and use its best efforts to remarket any Bond subject to purchase pursuant to the optional or mandatory purchase provisions described above, any such remarketing to be made at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Company may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some or all of the Bonds.

Anything in the Indenture to the contrary notwithstanding, at any time during which the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, there will be no sales of Bonds as described in the preceding paragraph, if (a) there has occurred and has not been cured or waived an Event of Default described in paragraphs (a), (b) or (c) under the caption "THE INDENTURE—Defaults" of which the Remarketing Agent and the Trustee have actual knowledge or (b) the Bonds have been declared to be immediately due and payable as described under the caption "THE INDENTURE—Remedies" and such declaration has not been rescinded pursuant to the Indenture.

OPTIONAL REDEMPTION OF BONDS

Bonds may be redeemed at the option of the Company (but only with consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)), in whole, or in part by lot, prior to their maturity date on any Business Day during a Daily Interest Rate Period or Weekly Interest Rate Period, at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption.

EXTRAORDINARY OPTIONAL REDEMPTION OF BONDS

At any time, the Bonds are subject to redemption at the option of the Company (but only with the consent of the Bank (or, if applicable, by the Obligor on an Alternate Credit Facility, if required by the Alternate Credit Facility)) in whole or in part (and if in part, by lot), at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, upon receipt by the Trustee of a written notice from the Company stating that any of the following events has occurred and that the Company therefore intends to exercise its option to prepay the payments due under the Loan Agreement in whole or in part and thereby effect the redemption of the Bonds in whole or in part to the extent of such prepayments:

(a) the Company has determined that the continued operation of the Plant is impracticable, uneconomical or undesirable for any reason; or

(b) the Company has determined that the continued operation of the Project is impracticable, uneconomical or undesirable due to (i) the imposition of taxes, other than ad valorem taxes currently levied upon privately owned property used for the same general purpose as the Project, or other liabilities or burdens with respect to the Project or the operation thereof, (ii) changes in technology, in environmental standards or legal requirements or in the economic availability of materials, supplies, equipment or labor or (iii) destruction of or damage to all or part of the Project; or

(c) all or substantially all of the Project or the Plant has been condemned or taken by eminent domain; or

(d) the operation of the Project or the Plant has been enjoined or has otherwise been prohibited by, or conflicts with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

SPECIAL MANDATORY REDEMPTION OF BONDS

The Bonds are subject to mandatory redemption at 100% of the principal amount thereof plus accrued interest, if any, to the date of redemption upon the occurrence of the following events.

The Bonds will be redeemed in whole within 180 days following a *"Determination of Taxability"* as defined below; *provided* that, if in the opinion of nationally recognized bond counsel (*"Bond Counsel"*) delivered to the Trustee, the redemption of a specified portion of the Bonds outstanding would have the result that interest payable on the Bonds remaining outstanding after such redemption would remain Tax-Exempt, then the Bonds will be redeemed in part by lot (in Authorized Denominations) in such amount as Bond Counsel in such opinion has determined is necessary to accomplish that result. A *"Determination of Taxability"* is deemed to have occurred if, as a result of an Event of Taxability (as defined below), a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Bond is or was includible in the gross income of an owner of the Bonds for federal income tax purposes under the Code (other than an owner who is a *"substantial user"* or *"related person"* within the meaning of Section 103(b)(13) of the 1954 Code). However, no such decree or action will be considered final for this purpose unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any owner of a Bond, and until conclusion of any appellate review, if sought. If the Trustee receives written notice from any owner stating (a) that the owner has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Bond in the gross income of such owner for the reasons described therein or any other proceeding has been instituted against such owner which may lead to a final decree or action as described in the Loan Agreement, and (b) that such owner will afford the Company the opportunity to contest the same, either directly or in

the name of the owner, until a conclusion of any appellate review, if sought, then the Trustee will promptly give notice thereof to the Company, the Insurer, if any, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Issuer and the owner of each Bond then outstanding. If a final decree or action as described above thereafter occurs and the Trustee has received written notice thereof at least 45 days prior to the redemption date, the Trustee will make the required demand for prepayment of the amounts payable under the Loan Agreement for prepayment of the Bonds and give notice of the redemption of the Bonds at the earliest practical date, but not later than the date specified in the Loan Agreement, and in the manner provided by the Indenture. An *"Event of Taxability"* means the failure of the Company to observe any covenant, agreement or representation in the Loan Agreement, which failure results in a Determination of Taxability.

PROCEDURE FOR AND NOTICE OF REDEMPTION

If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed will be selected by the Trustee, by lot. In selecting Bonds for redemption, the Trustee will treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of each Bond by the minimum Authorized Denomination. Any Bonds selected for redemption which are deemed to be paid in accordance with the provisions of the Indenture will cease to bear interest on the date fixed for redemption. Subject to the procedures described below under "—Book-Entry System" for Bonds held in book-entry form, upon presentation and surrender of such Bonds at the place or places of payment, such Bonds will be paid and redeemed. Notice of redemption will be given by mail as provided in the Indenture, at least 30 days and not more than 60 days prior to the redemption date, provided that the failure to duly give notice by mailing to any Owner, or any defect therein, does not affect the validity of any proceedings for the redemption of any other of the Bonds. Such notice will also be sent to the Remarketing Agent, the Bank or the Obligor on an Alternate Credit Facility, as the case may be, the Company Mortgage Trustee, Moody's (if the Bonds are then rated by Moody's), S&P (if the Bonds are then rated by S&P), securities depositories and bond information services.

With respect to notice of any optional redemption of the Bonds, as described above, unless upon the giving of such notice, such Bonds are deemed to have been paid within the meaning of the Indenture, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of Available Moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed. If such Available Moneys are not so received, the redemption will not be made and the Trustee will give notice, in the manner in which the notice of redemption was given, that such redemption will not take place.

Notwithstanding the foregoing provisions, Pledged Bonds shall be redeemed prior to any other Bonds.

The Remarketing Agent is Paid by the Company. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Indenture and the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agent is appointed by the Company and paid by the Company for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Bonds.

The Remarketing Agent May Purchase Bonds for Its Own Accounts. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own accounts. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own accounts and, in its sole discretion, may acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May Be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Indenture and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own accounts). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

The Remarketing Agent May Resign, be Removed or Cease Remarketing the Bonds, Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Indenture and the Remarketing Agreement.

BOOK-ENTRY SYSTEM

The following information in this section concerning The Depository Trust Company, New York, New York ("DTC"), and its book-entry system has been furnished for use in the Reoffering Circular by DTC. None of the Company, the Issuers or the Remarketing Agent take any responsibility for the accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds were issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for the Bonds of each issue, in the aggregate principal amount thereof, and will be deposited with DTC. One fully-registered Bond was issued for each issue of the Bonds, in the aggregate principal amount of such issue, and was deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a whole-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S and non-U.S. securities brokers and dealers, banks and trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant,

either directly or indirectly (*"Indirect Participants"*). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Bonds, redemption notices will be sent to Cede & Co. If less than all of the Bonds of any issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is used for the Bonds, principal or purchase price of and premium, if any, and interest payments on, the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of fund and corresponding detailed information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Company, the Paying Agent, the Trustee, the Remarketing Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants are the responsibility of DTC, and disbursement of such payments to the Beneficial Owners are the responsibility of Direct and Indirect Participants.

A Beneficial Owner must give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and must effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

None of the Issuer, the Company, the Remarketing Agent, the Trustee nor the Paying Agent will have any responsibility or obligation to any securities depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the securities depository or any Participant; (b) the payment by the securities depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption of, or interest on, any Bonds; (c) the delivery of any notice by

the securities depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the securities depository or any Participant.

THE LETTER OF CREDIT AND THE CREDIT AGREEMENT

LETTER OF CREDIT

On the date of reoffering of the Bonds, the Bank will issue in favor of the Trustee a Letter of Credit in the form of a direct pay letter of credit. The Letter of Credit will be issued in the aggregate principal amount of the Bonds plus 48 days' interest at 12% per annum, on the basis of a 365 day year (as from time to time reduced and reinstated as provided in the Letter of Credit). The Letter of Credit will permit the Trustee to draw up to an amount equal to the then outstanding principal amount of the Bonds to pay the unpaid principal thereof and accrued interest on the Bonds, subject to the terms, conditions and limitations stated therein. The Letter of Credit for the Bonds will be substantially in the form attached hereto as APPENDIX E.

The Letter of Credit will expire on June 1, 2011, but will be automatically extended, without written amendment, to, and shall expire on, June 1, 2012, unless on or before May 2, 2012, notice is received by the Trustee stating that the Bank elects not to extend such Letter of Credit beyond June 1, 2012. The date on which the Letter of Credit expires as described in the preceding sentence, or if such date is not a Business Day then the first succeeding Business Day thereafter is defined in the Letter of Credit as the Expiration Date. As used in the Letter of Credit, the term "Business Day" means a day on which the San Francisco Letter of Credit Operations Office of the Bank is open for business.

Each drawing honored by the Bank under the Letter of Credit will immediately reduce the available amount thereunder by the amount of such drawing. Any drawing to pay interest will be automatically reinstated on the eighth (8th) Business Day following the date such drawing is honored by the Bank, unless the Company shall have received notice from the Bank no later than seven (7) Business Days after such drawing is honored that there shall be no such reinstatement. Any drawing to pay the purchase price of a Bond shall be reinstated if the Bonds related to such drawing are remarketed and the remarketing proceeds are paid to the Bank prior to the Expiration Date in an amount equal to the sum of (i) the amount paid to the Bank from such remarketing proceeds and (ii) interest on such amount. See APPENDIX E.

CREDIT AGREEMENT

General. The Company is party to that certain $635,000,000 Credit Agreement, dated October 23, 2007, as hereto amended and supplemented, among the Company, the financial institutions party thereto, the Administrative Agent (as defined below) and The Royal Bank of Scotland plc, as syndication agent (together with all related documents, the *"Credit Agreement"*). In addition, the Company has executed and delivered a Letter of Credit Agreement requesting that the Bank issue a letter of credit for the Bonds and governing the issuance thereof. The Letter of Credit is issued pursuant to the Credit Agreement.

The Credit Agreement defines the relationship between the Company and the financial institutions party thereto, including the Bank; neither the Issuer nor the Trustee has any interest in the Credit Agreement or in any of the funds or accounts created under it. Under the Credit Agreement, the Company has agreed to reimburse the Bank for any drawings under the Letter of Credit, to pay certain fees and expenses, to pay interest on any unreimbursed drawings or other amounts unpaid, and to reimburse the Bank for certain other costs and expenses incurred.

Defined Terms. Capitalized terms used in this section and in the Credit Agreement, as applicable, that are not otherwise defined in this Reoffering Circular will have the meanings set forth below.

"Administrative Agent" means Union Bank, N.A., in its capacity as administrative agent for the Syndicate Banks and its successors in such capacity.

"Commitment" means (i) with respect to any Syndicate Bank listed on the signature pages to the Credit Agreement, the amount set forth opposite its name on the commitment schedule as its Commitment and (ii) with respect to each additional Syndicate Bank or assignee which becomes a Syndicate Bank pursuant to the Credit Agreement, the amount of the Commitment thereby assumed by it, in each case as such amount may from time to time be reduced or increased pursuant to the Credit Agreement.

"Debt" of any Person means at any date, without duplication, (i) all obligations of such Person for borrower money, (ii) all obligations of such Person evidenced by bonds (other than surety bonds), debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all Capitalized Lease Obligations (as defined in the Credit Agreement) of such Person, (v) all non-contingent reimbursement, indemnity or similar obligations of such Person in respect of amounts paid under a letter of credit, surety bond or similar instrument, (vi) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (vii) all Debts of others Guaranteed (as defined in the Credit Agreement) by such Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means all members of a controlled group of corporations and all trades or business (whether or not incorporated) under common control which, together with Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Issuing Bank" means any Syndicate Bank designated by Company that may agree to issue letters of credit pursuant to an instrument in form reasonably satisfactory to the Administrative Agent, each in its capacity as an issuer of a letter of credit under the Credit Agreement.

"Loans" means Committed Loans or Competitive Bid Loans (as such terms are defined in the Credit Agreement) or any combination of the foregoing pursuant to the Credit Agreement.

"Material Debt" means Debt of the Company arising under a single or series of related instruments or other agreements exceeding $35,000,000 in principal amount.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means any individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Reimbursement Obligations" means, if Commitments remain in effect on the date payment is made by the Issuing Bank, all such amounts paid by an Issuing Bank and remaining unpaid by the Company after the date and time required for payment under the Credit Agreement.

"Required Banks" means at any time Syndicate Banks having more than 50% of the total Commitments under the Credit Agreement, or if the Commitments shall have been terminated, holding more than 50% of the sum of the outstanding Loans and letter of credit liabilities.

"Syndicate Bank" or *"Syndicate Banks"* means, individually or collectively, each bank or other financial institution listed on the signature pages to the Credit Agreement, each assignee which becomes a Syndicate Bank pursuant to the Credit Agreement, and their respective successors.

Events of Default and Remedies. Any one or more of the following events constitute an event of default (an *"Event of Default"*) under the Credit Agreement:

(a) the Company shall fail to pay when due any principal of any Loan or any Reimbursement Obligation or shall fail to pay, within five days of the due date thereof, any interest, commitment fees or facility fees payable hereunder or shall fail to cash collateralize any letter of credit pursuant to the Credit Agreement;

(b) the Company shall fail to pay any other amount claimed by one or more Syndicate Banks under the Credit Agreement within five days of the due date thereof, unless (i) such claim is disputed in good faith by the Company, (ii) such unpaid claimed amount does not exceed $100,000 and (iii) the aggregate of all such unpaid claimed amounts does not exceed $300,000;

(c) the Company shall fail to observe or perform certain specified financial covenants contained in the Credit Agreement;

(d) the Company shall fail to observe or perform any covenant or agreement contained in the Credit Agreement (other than those covered by clause (a), (b) or (c) above) for 15 days after written notice thereof has been given to the Company by the Administrative Agent at the request of any Syndicate Bank;

(e) any representation, warranty, certification or statement made by the Company in the Credit Agreement or in any certificate, financial statement or other document delivered pursuant to the Credit Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(f) the Company shall fail to make any payment in respect of any Material Debt (other than Loans or any Reimbursement Obligation) or Material Hedging Obligations (as defined in the Credit Agreement) when due or within any applicable grace period;

(g) any event or condition shall occur which results in the acceleration of the maturity of any Material Debt of the Company or enables the holder of such Material Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(h) the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property; or shall consent to any such relief or to the appoint of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect;

(j) the Company or any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $25,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate certain material plans identified in the Credit Agreement (each a *"Material Plan"*) shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability in excess of $25,000,000 (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any multiemployer plan (identified in the Credit Agreement) against any member of the ERISA Group to enforce Section 515 or 4219(c)(5) of ERISA in respect of an amount or amounts aggregating in excess of $25,000,000, and such proceeding shall not have been dismissed within 20 days thereafter; or a condition shall

exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which would cause one or more members of the ERISA Group to incur a current payment obligation in excess of $25,000,000;

(k) a judgment or order for the payment of money in excess of $25,000,000 shall be rendered against the Company and such judgment or order shall continue unsatisfied and unstayed for a period of 30 days;

(l) MidAmerican Energy Holdings Company or any wholly-owned subsidiary thereof that owns common stock of the Company (*"MidAmerican"*) shall fail to own (directly or indirectly through one or more Subsidiaries) at least 80% of the outstanding shares of common stock of the Company; any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended), except Berkshire Hathaway Inc. or any wholly-owned subsidiary thereof, shall acquire a beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 35% or more of the outstanding shares of common stock of MidAmerican; or, during any period of 14 consecutive calendar months commencing on or after March 21, 2006, individuals who were directors of the Company on the first day of such period and any new director whose election by the board of directors of the Company or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the applicable period or whose election or nomination for election was previously so approved, shall cease to constitute a majority of the board of directors of the Company.

Upon the occurrence of any Event of Default under the Credit Agreement, the Administrative Agent shall (i) if requested by the Required Banks, by notice to the Company terminate the Commitments and the obligation of each Syndicate Bank to make Loans thereunder and the obligation of each Issuing Bank to issue any letter of credit thereunder and such obligations to make Loans and issue new letters of credit shall thereupon terminate, and (ii) if requested by the Required Banks, by notice to the Company declare the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the Credit Agreement to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; *provided* that in the case of any of the Events of Default specified in clause (h) or (i) above with respect to the Company, without any notice to the Company or any other act by the Administrative Agent or the Syndicate Banks, the Commitments shall thereupon terminate and the Loans (together with accrued interest thereon) and any outstanding Reimbursement Obligations in respect of any drawing under a letter of credit issued under the Credit Agreement shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

The Company agrees, in addition to the Events of Default provisions above, that upon the occurrence and during the continuance of any Event of Default, it shall, if requested by the Administrative Agent upon the instruction of the Required Banks or any Issuing Bank having an outstanding letter of credit issued under the Credit Agreement, pay to the Administrative Agent an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Administrative Agent) equal to the aggregate amount available for drawing under all letters of credit issued under the Credit Agreement outstanding at such time (or, in the case of a request by an Issuing Bank, all such letters of credit issued by it); provided that, upon the occurrence of any Event of Default specified in clause (h) or (i) above with respect to the Company, and on the scheduled termination date of the Credit Agreement, the Company shall pay such amount forthwith without any notice or demand or any other act by the Administrative Agent, any Issuing Bank or any Syndicate Bank.

THE LOAN AGREEMENT

ISSUANCE OF THE BONDS; LOAN OF PROCEEDS

The Issuer issued the Bonds for the purpose of refunding the Prior Bonds, the proceeds of which were used to finance or refinance, as the case may be, a portion of the Company's share of the costs of acquiring and improving the Project. The proceeds of the sale of the Bonds have been used to refund the Prior Bonds.

LOAN PAYMENTS; THE FIRST MORTGAGE BONDS

As and for repayment of the loan made to the Company by the Issuer, the Company will pay to the Trustee, for the account of the Issuer, an amount equal to the principal of, premium, if any, and interest on the Bonds when due on the dates, in the amounts and in the manner provided in the Indenture for the payment of the principal of, premium, if any, and interest on the Bonds, whether at maturity, upon redemption, acceleration or otherwise (*"Loan Payments"*); *provided, however,* that the obligation of the Company to make any such Loan Payment will be reduced by the amount of any reduction under the Indenture of the amount of the corresponding payment required to be made by the Issuer thereunder; and *provided further* that the obligation of the Company to make any such payment is deemed to be satisfied and discharged to the extent of the corresponding payment made (i) by the Bank to the Trustee under the Letter of Credit, (ii) by the Obligor on an Alternate Credit Facility to the Trustee under such Alternate Credit Facility or (iii) by the Company of principal of or premium, if any, or interest on the First Mortgage Bonds.

The Company's obligation to repay the loan made to it by the Issuer is secured by First Mortgage Bonds delivered to the Trustee equal in principal amount to, and bearing interest at the same rate and maturing on the same date as, the Bonds. The payments to be made by the Company pursuant to the Loan Agreement and the First Mortgage Bonds are pledged under the Indenture by the Issuer to the Trustee, and the Company is to make all payments thereunder and thereon directly to the Trustee. See "THE FIRST MORTGAGE BONDS—General" below.

Pursuant to the Loan Agreement, the Company may provide for the release of its First Mortgage Bonds by delivering to the Trustee collateral in substitution for the First Mortgage Bonds (*"Substitute Collateral"*), but only if the Company, on the date of delivery of such Substitute Collateral, simultaneously delivers to the Trustee (a) an opinion of Bond Counsel stating that delivery of such Substitute Collateral and release of the First Mortgage Bonds complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds; (b) written evidence from the Insurer, if any, and from each Bank to the effect that they have reviewed the proposed Substitute Collateral and find it to be acceptable; and (c) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the Substitute Collateral and that the release of the First Mortgage Bonds and the substitution of the Substitute Collateral for the First Mortgage Bonds will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's rating or ratings of the Bonds.

PAYMENTS OF PURCHASE PRICE

The Company will pay or cause to be paid to the Trustee amounts equal to the amounts to be paid by the Trustee pursuant to the Indenture for the purchase of outstanding Bonds thereunder (see "THE BONDS-Optional Purchase" and "—Mandatory Purchase"), such amounts to be paid to the Trustee as the purchase price for the Bonds tendered for purchase pursuant to the Indenture, on the dates such payments are to be made; *provided, however,* that the obligation of the Company to make any such payment under the Loan Agreement will be reduced by the amount of any moneys held by the Trustee under the Indenture and available for such payment.

From the date of delivery of the Letter of Credit to and including the Interest Payment Date next preceding the Expiration of the Term of the Letter of Credit (or the Expiration of the Term of an Alternate Credit Facility, as the case may be), the Company will provide for the payment of the amounts to be paid by the Trustee for the purchase of Bonds by providing for the delivery of the Letter of Credit (or an Alternate Credit Facility, as the case may be) to the Trustee. The Trustee has been directed to take such actions as may be necessary in accordance with the provisions of the Indenture and the Letter of Credit (or an Alternate Credit Facility, as the case may be), to obtain the moneys necessary to pay the purchase price of Bonds when due.

OBLIGATION ABSOLUTE

The Company's obligation to make payments under the Loan Agreement and otherwise on the First Mortgage Bonds is absolute, irrevocable and unconditional and is not subject to cancellation, termination or abatement, or to any defense other than payment, or to any right of setoff, counterclaim or recoupment arising out of any breach under the Loan Agreement or the Indenture or otherwise by the Company, the Trustee, the Remarketing Agent, any Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), or any other party or out of any obligation or liability at any time owing to the Company by any such party.

EXPENSES

The Company is obligated to pay reasonable compensation and to reimburse certain expenses and advances of the Issuer, the Trustee, the Registrar, the Remarketing Agent, the Paying Agent, Moody's and S&P directly to such entity.

TAX COVENANTS; TAX-EXEMPT STATUS OF BONDS

The Company covenants that the Bond proceeds, the earnings thereon and other moneys on deposit with respect to the Bonds will not be used in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

The Company covenants that it has not taken, and will not take, or permit to be taken on its behalf, any action which would adversely affect the Tax-Exempt status of the Bonds and will take, or require to be taken, such action as may, from time to time, be required under applicable law or regulation to continue to cause the Bonds to be Tax-Exempt. See "TAX EXEMPTION."

OTHER COVENANTS OF THE COMPANY

Maintenance of Existence; Conditions Under Which Exceptions Permitted. The Company covenants that it will maintain in good standing its corporate existence as a corporation organized under the laws of one of the states of the United States or the District of Columbia and will remain duly qualified to do business in the State of the Issuer, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation; *provided, however,* that the Company may, without violating the foregoing, undertake from time to time any one or more of the following, if, prior to the effective date thereof, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that the contemplated action will not adversely affect the Tax-Exempt status of the Bonds: (a) consolidate with or merge into another domestic corporation (i.e., a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia), or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, *provided* the resulting, surviving or transferee corporation, as the case may be, must be the Company or a corporation qualified to do business in the State of the Issuer as a foreign corporation or incorporated and existing under the laws of the State of the Issuer, which as a result of the transaction has assumed (either by operation of law or in writing) all of the obligations of the Company under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement; or (b) convey all or substantially all of its assets to one or more wholly owned subsidiaries of the Company so long as the Company remains in existence and primarily liable on all of its obligations under the Loan Agreement and such subsidiary or subsidiaries to which such assets are so conveyed guarantees in writing the performance of all of the Company's obligations under the Loan Agreement, the First Mortgage Bonds and the Reimbursement Agreement.

Assignment. With the consent of the Bank (or the Obligor on an Alternate Credit Facility), the Company's interest in the Loan Agreement may be assigned in whole or in part by the Company to another entity, subject, however, to the conditions that no assignment will (a)

adversely affect the Tax-Exempt status of the Bonds or (b) relieve (other than as described in *"Maintenance of Existence; Conditions Under Which Exceptions Permitted"* above) the Company from primary liability for its obligations to pay the First Mortgage Bonds or to make the Loan Payments or to make payments to the Trustee with respect to payment of the purchase price of the Bonds or for any other of its obligations under the Loan Agreement; and subject further to the condition that the Company has delivered to the Trustee and the Bank (or the Obligor on an Alternate Credit Facility an opinion of counsel to the Company that such assignment complies with the provisions described in this paragraph and an opinion of Bond Counsel to the effect that the proposed assignment will not impair the validity of the Bonds under the Act, or adversely affect the Tax-Exempt status of the Bonds. The Company must, within 30 days after the delivery thereof, furnish to the Issuer and the Trustee a true and complete copy of the agreements or other documents effectuating any such assignment.

Maintenance and Repair; Taxes, Etc. The Company will maintain the Project in good repair, keep the same insured in accordance with standard industry practice and pay all costs thereof. The Company will pay or cause to be paid all taxes, special assessments and governmental, utility and other charges with respect to the Project.

The Company may at its own expense cause the Project to be remodeled or cause such substitutions, modifications and improvements to be made to the Facilities from time to time as the Company, in its discretion, may deem to be desirable for its uses and purposes, which remodeling, substitutions, modifications and improvements are included under the terms of the Loan Agreement as part of the Pollution Control Facilities; *provided, however,* that the Company may not exercise any such right, power, election or option if the proposed remodeling, substitution, modification or improvement would adversely affect the Tax-Exempt status of the Bonds.

The Company will cause insurance to be taken out and continuously maintained in effect with respect to the Pollution Control Facilities in accordance with standard industry practice.

Anything in the Loan Agreement to the contrary notwithstanding, the Company has the right at any time to cause the operation of the Pollution Control Facilities to be terminated if the Company has determined that the continued operation of the Project or the Pollution Control Facilities is uneconomical for any reason.

LETTER OF CREDIT; ALTERNATE CREDIT FACILITY

The Company may, at any time, at its option:

(a) provide for the delivery on any Business Day to the Trustee of an Alternate Credit Facility or a Substitute Letter of Credit, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states (I) the effective date of the Alternate Credit Facility or Substitute Letter of Credit to be so provided, and (II) the Expiration of the Term

of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Expiration shall not be prior to the effective date of the Alternate Credit Facility to be so provided), (B) describes the terms of the Alternate Credit Facility or Substitute Letter of Credit, (C) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (D) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be replaced, to the obligor thereon on the next Business Day after the later of the effective date of the Alternate Credit Facility or the Substitute Letter of Credit to be provided and the Expiration of the Term of the Letter of Credit or Expiration of the Term of the Alternate Credit Facility which is to be replaced and thereupon to deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied);

(ii) on the date of delivery of the Alternate Credit Facility or the Substitute Letter of Credit (which shall be the effective date thereof), the Company shall furnish to the Trustee simultaneously with such delivery of the Alternate Credit Facility or Substitute Letter of Credit (which delivery must occur prior to 9:30 a.m., New York time, on such date, unless a later time on such date shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility or Substitute Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax-Exempt status of the Bonds; and

(iii) in the case of the delivery of a Substitute Letter of Credit, the Company has received the written consent of the Bank or the Obligor on an Alternate Credit Facility; or

(b) provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect, but only provided that:

(i) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (A) states the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated, (B) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated (which Business Day shall be not less than 30 days from the date of

receipt by the Trustee of the notice from the Company specified above), in accordance with the Indenture, and (C) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be terminated, to the obligor thereon on the next Business Day after the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated and to thereupon deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (ii) below has been satisfied); and

(ii) on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, which is to be terminated, the Company shall furnish to the Trustee (prior to 9:30 a.m., New York time, on such Business Day, unless a later time on such Business Day shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the termination of such Alternate Credit Facility or Letter of Credit (A) complies with the terms of the Loan Agreement and (B) will not adversely affect the Tax-Exempt status of the Bonds.

EXTENSION OF A LETTER OF CREDIT

The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be, at any time provide for one or more extensions of the Letter of Credit or Alternate Credit Facility then in effect, as the case may be, for any period commencing after its then-current expiration date.

DEFAULTS

Each of the following events constitute an "Event of Default" under the Loan Agreement:

(a) a failure by the Company to make when due any Loan Payment, any payment required to be made to the Trustee for the purchase of Bonds or any payment on the First Mortgage Bonds, which failure has resulted in an "Event of Default" as described herein in paragraph (a), (b) or (c) under "THE INDENTURE—Defaults;"

(b) a failure by the Company to pay when due any amount required to be paid under the Loan Agreement or to observe and perform any other covenant, condition or agreement on the Company's part to be observed or performed under the Loan Agreement (other than a failure described in clause (a) above), which failure continues for a period of 60 days (or such longer period as the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee may agree to in writing) after written notice given to the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) by the Trustee or to the Company, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be and the Trustee by the Issuer;

provided, however, that if such failure is other than for the payment of money and cannot be corrected within the applicable period, such failure does not constitute an Event of Default so long as the Company institutes corrective action within the applicable period and such action is being diligently pursued; or

(c) certain events of bankruptcy, dissolution, liquidation or reorganization of the Company.

The Loan Agreement provides that, with respect to any Event of Default described in clause (b) above if, by reason of acts of God, strikes, orders of political bodies, certain natural disasters, civil disturbances and certain other events specified in the Loan Agreement, or any cause or event not reasonably within the control of the Company, the Company is unable in whole or in part to carry out one or more of its agreements or obligations contained in the Loan Agreement (other than certain obligations specified in the Loan Agreement, including its obligations to make when due Loan Payments and otherwise on the First Mortgage Bonds, payments to the Trustee for the purchase of Bonds, to pay certain expenses and taxes, to indemnify the Issuer, the Trustee and others against certain liabilities, to discharge liens and to maintain its existence), the Company will not be deemed in default by reason of not carrying out such agreements or performing such obligations during the continuance of such inability.

REMEDIES

Upon the occurrence and continuance of any Event of Default described in (a) or (c) under "Defaults" above, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds have been declared to be immediately due and payable pursuant to any provision of the Indenture, the Loan Payments will, without further action, become and be immediately due and payable. Any waiver of any Event of Default under the Indenture and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof. See "THE INDENTURE—Defaults." Upon the occurrence and continuance of any Event of Default arising from a "Default" as such term is defined in the Company Mortgage, the Trustee, as holder of the First Mortgage Bonds, will, subject to the provisions of the Indenture, have the rights provided in the Company Mortgage. Any waiver made in accordance with the Indenture of a "Default" under the Company Mortgage and a rescission and annulment of its consequences constitutes a waiver of the corresponding Event or Events of Default under the Loan Agreement and a rescission and annulment of the consequences thereof.

Upon the occurrence and continuance of any Event of Default under the Loan Agreement, the Issuer may take any action at law or in equity to collect any payments then due and thereafter to become due, or to seek injunctive relief or specific performance of any obligation, agreement or covenant of the Company under the Loan Agreement and under the First Mortgage Bonds.

Any amounts collected from the Company upon an Event of Default under the Loan Agreement will be applied in accordance with the Indenture.

AMENDMENTS

The Loan Agreement may be amended subject to the limitations contained in the Loan Agreement and in the Indenture. See "THE INDENTURE—Amendment of the Loan Agreement."

THE INDENTURE

PLEDGE AND SECURITY

Pursuant to the Indenture, the Loan Payments have been pledged by the Issuer to secure the payment of the principal of, and premium, if any, and interest on, the Bonds. The Issuer has also pledged and assigned to the Trustee all its rights and interests under the Loan Agreement (other than its rights to indemnification and reimbursement of expenses and certain other rights), including the Issuer's right to delivery of the First Mortgage Bonds, and has pledged to the Trustee all moneys and obligations deposited or to be deposited in the Bond Fund established with the Trustee; *provided* that the Trustee, the Remarketing Agent, the Paying Agent and the Registrar will have a prior claim on the Bond Fund for the payment of their compensation and expenses and for the repayment of any advances (plus interest thereon) made by them to effect performance of certain covenants in the Indenture if the Company has failed to make any payment which results in an Event of Default under the Loan Agreement.

APPLICATION OF PROCEEDS OF THE BOND FUND

The proceeds from the sale of the Bonds, excluding accrued interest, if any, were deposited with the trustee for the Prior Bonds and used to refund the Prior Bonds. There is created under the Indenture a Bond Fund to be held by the Trustee and therein established a Principal Account and an Interest Account. Payments made by the Company under the Loan Agreement and otherwise on the First Mortgage Bonds in respect of the principal of, premium, if any, and interest on, the Bonds and certain other amounts specified in the Indenture are to be deposited in the appropriate account in the Bond Fund. While any Bonds are outstanding and except as provided in a Tax Exemption Certificate and Agreement among the Trustee, the Issuer and the Company (the *"Tax Certificate"*), moneys in the Bond Fund will be used solely for the payment of the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable at maturity, upon redemption or upon acceleration of maturity, subject to the prior claim of the Trustee, the Remarketing Agent, the Paying Agent and the Registrar to the extent described above in "Pledge and Security."

INVESTMENT OF FUNDS

Subject to the provisions of the Tax Certificate, moneys in the Bond Fund will, at the direction of the Company, be invested in securities or obligations specified in the Indenture. Gains from such investments will be credited, and any loss will be charged, to the particular fund or account from which the investments were made.

DEFAULTS

Each of the following events will constitute an "Event of Default" under the Indenture:

(a) subject to the Remarketing Agents efforts to remarket Pledged Bonds, a failure to pay the principal of, or premium, if any, on any of the Bonds when the same becomes due and payable at maturity, upon redemption or otherwise;

(b) subject to the Remarketing Agents efforts to remarket Pledged Bonds, a failure to pay an installment of interest on any of the Bonds for a period of one day after such interest has become due and payable;

(c) a failure to pay amounts due in respect of the purchase price of Bonds delivered to the Trustee for purchase after such payment has become due and payable as provided under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase;"

(d) a failure by the Issuer to observe and perform any covenant, condition, agreement or provision contained in the Bonds or the Indenture (other than a failure described in clause (a), (b) or (c) above), which failure continues for a period of 90 days after written notice has been given to the Issuer and the Company by the Trustee, which notice may be given at the discretion of the Trustee and must be given at the written request of the Owners of not less than 25% in principal amount of Bonds then outstanding, unless such period is extended prior to its expiration by the Trustee, or by the Trustee and the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be; *provided, however,* that the Trustee, or the Trustee and the Owners of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is initiated by the Issuer, or the Company on behalf of the Issuer, within such period and is being diligently pursued;

(e) an "Event of Default" under the Loan Agreement;

(f) a "Default" under the Company Mortgage; or

(g) the Trustee's receipt of written notice (which may be given by telefacsimile) from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) of an event of default under and as defined in the Reimbursement Agreement and stating that such notice is given pursuant to the Indenture.

REMEDIES

Upon the occurrence (without waiver or cure) of an Event of Default described in clause (a), (b), (c), (f) or (g) under "Defaults" above or an Event of Default described in clause (e) under "Defaults" above resulting from an "Event of Default" under the Loan Agreement as described under clause (a) or (c) of "THE LOAN AGREEMENT—Defaults" herein, and further upon

the conditions that, if (a) in accordance with the terms of the Company Mortgage, the First Mortgage Bonds have become immediately due and payable pursuant to any provision of the Company Mortgage and (b) there has been filed with the Trustee a written direction of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its Insurance Policy is in effect and no Insurer Default has occurred and is continuing), then the Bonds will, without further action, become immediately due and payable and, during the period the Letter of Credit or an Alternate Credit Facility, as the case may be, is in effect, with accrued interest on the Bonds payable on the Bond Payment Date fixed as described in the Indenture and the Trustee will as promptly as practicable draw moneys under the Letter of Credit or an Alternate Credit Facility, as the case may be, to the extent available thereunder, in an amount sufficient to pay principal of and accrued interest on the Bonds payable on the Bond Payment Date established as described in the Indenture; *provided* that any waiver of any "Default" under the Company Mortgage and a rescission and annulment of its consequences will constitute a waiver of the corresponding Event or Events of Default under the Indenture and rescission and annulment of the consequences thereof.

The provisions described in the preceding paragraph are subject further to the condition that if, so long as no Letter of Credit or Alternate Credit Facility is outstanding, after the principal of the Bonds have been so declared to be due and payable and before any judgment or decree for the payment of the moneys due have been obtained or entered as hereinafter provided, the Issuer will cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and such amount as are sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture (other than nonpayment of the principal of Bonds which has become due by said declaration) has been remedied, then, in every such case, such Event of Default is deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer and the Company and will give notice thereof to Owners of the Bonds by first-class mail; *provided, however,* that no such waiver, rescission and annulment will extend to or affect any other Event of Default or subsequent Event of Default or impair any right, power or remedy consequent thereon.

The provisions described in the second preceding paragraph are, further, subject to the condition that, if an Event of Default described in clause (g) under "Defaults" above has occurred and if the Trustee thereafter has received written notice from the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) (a) that the notice which caused such Event of Default to occur has been withdrawn and (b) that the amounts available to be drawn on the Letter of Credit (or the Alternate Credit Facility, as the case may be) to pay (i) the principal of the Bonds or the portion of purchase price equal to principal and (ii) interest on the Bonds and the portion of purchase price equal to accrued interest have been reinstated to an amount equal to the principal amount of the Bonds Outstanding plus accrued interest thereon for the applicable Interest Coverage Period at the Interest Coverage Rate, then, in every such case, such Event of Default is deemed waived and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission and annulment to the Issuer, the

Company, the Bank (or the Obligor on the Alternate Credit Facility, as the case may be) and the Remarketing Agent, and, if notice of the acceleration of the Bonds has been given to the Owners of Bonds, will give notice thereof by Mail to all Owners of Outstanding Bonds; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Upon the occurrence and continuance of any Event of Default under the Indenture, the Trustee may, with the consent of the Bank (if its Letter of Credit is in effect and if no Bank Default shall have occurred and be continuing) or the Insurer (if its policy is in effect and no Insurer Default has occurred and is continuing), and upon the written direction of the Owners of not less than 25% in principal amount of the Bonds outstanding and receipt of indemnity to its satisfaction (except against gross negligence or willful misconduct) must, pursue any available remedy to enforce the rights of the Owners of the Bonds and require the Company, the Issuer, the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) to carry out any agreements, bring suit upon the Bonds or enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds. So long as an Insurer Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Insurer is entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture. So long as a Bank Default has not occurred and is continuing, upon the occurrence and continuance of an Event of Default, the Bank is entitled to control and direct the enforcement of all rights and remedies granted to the owners or the Trustee for the benefit of Owners under the Indenture. The Trustee is not required to take any action in respect of an Event of Default (other than, in certain circumstances, to declare the Bonds to be immediately due and payable, to notify the Insurer of payments to be made pursuant to the Insurance Policy, to make certain payments with respect to the Bonds and to draw on the Letter of Credit (or Alternate Credit Facility, as the case may be)) or to enforce the trusts created by the Indenture except upon the written request of the Owners of not less than 25% in principal amount of the Bonds then outstanding and receipt of indemnity satisfactory to it.

The Owners of a majority in principal amount of Bonds then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture or exercising any trust or power conferred on the Trustee upon furnishing satisfactory indemnity to the Trustee (except against gross negligence or willful misconduct) and provided that such direction does not result in any personal liability of the Trustee.

No Owner of any Bond will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power of the Trustee unless such Owner has previously given the Trustee written notice of an Event of Default and unless the Owners of not less than 25% in principal amount of the Bonds then outstanding have made written request of the Trustee so to do, and unless satisfactory indemnity (except against gross negligence or willful misconduct) has been offered to the Trustee and the Trustee has not complied with such request within a reasonable time.

Notwithstanding any other provision in the Indenture, the right of any Owner to receive payment of the principal of, premium, if any, and interest on the Owner's Bond on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of such Owner of Bonds.

DEFEASANCE

All or any portions of Bonds (in Authorized Denominations) will, prior to the maturity or redemption date thereof, be deemed to have been paid for all purposes of the Indenture when:

(a) in the event said Bonds or portions thereof have been selected for redemption, the Trustee has given, or the Company has given to the Trustee in form satisfactory to it irrevocable instructions to give, notice of redemption of such Bonds or portions thereof;

(b) there has been deposited with the Trustee moneys which constitute Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility;

(c) the moneys so deposited with the Trustee are in an amount sufficient (without relying on any investment income) to pay when due the principal of, premium, if any, and interest due and to become due (which amount of interest to become due is calculated at the Maximum Interest Rate unless the interest rate borne by all of such Bonds is not subject to adjustment prior to the maturity or redemption thereof, in which case the amount of interest is calculated at the rate borne by such Bonds) on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; *provided, however,* that if such payment is to be made upon optional redemption, such payment is made from Available Moneys;

(d) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding 60 days, the Issuer at the direction of the Company has given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to the Indenture, a notice to the Owners of said Bonds or portions thereof and to the Insurer that the deposit required by clause (b) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds or portions thereof;

(e) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of an independent public accountant of nationally recognized standing, selected by the Company (an *"Accountant's Opinion"*), to the effect that the requirements set forth in clause (c) above have been satisfied;

(f) the Issuer, the Company, the Trustee and the Insurer shall have received written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, that such action will not result in a reduction, suspension or withdrawal of the rating; and

(g) the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P, and the Insurer have received an opinion of Bond Counsel to the effect that such deposit will not adversely affect the Tax-Exempt status of the Bonds (*"Bond Counsel's Opinion"*).

Moneys deposited with the Trustee as described above may not be withdrawn or used for any purpose other than, and are held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds or portions thereof, or for the payment of the purchase price of Bonds in accordance with the Indenture; *provided* that such moneys, if not then needed for such purpose, will, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the earlier of (a) the date moneys may be required for the purchase of Bonds or (b) the Interest Payment Date next succeeding the date of investment or reinvestment, and interest earned from such investments are paid over to the Company, as received by the Trustee, free and clear of any trust, lien or pledge.

The provisions of the Indenture relating to (a) the registration and exchange of Bonds, (b) the delivery of Bonds to the Trustee for purchase and the related obligations of the Trustee with respect thereto, (c) the mandatory purchase of the Bonds in connection with the Expiration of the Term of the Letter of Credit or the Expiration of the Term for Alternate Credit Facility, as the case may be, and (d) payment of the Bonds from such moneys, will remain in full force and effect with respect to all Bonds until the maturity date of the Bonds or the last date fixed for redemption of all Bonds prior to maturity, notwithstanding that all or any portion of the Bonds are deemed to be paid; *provided, however,* that the provisions with respect to registration and exchange of Bonds will continue to be effective until the maturity or the last date fixed for redemption of all Bonds.

In the event the requirements of the next to the last sentence of the next succeeding paragraph can be satisfied, the preceding three paragraphs will not apply and the following two paragraphs will be applicable.

Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or acceleration or upon redemption as provided in the Indenture) either (i) has been made or caused to be made in accordance with the terms thereof or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (A) moneys, which are Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, sufficient to make such payment and/or (B) Government Obligations purchased with Available Moneys or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be, and maturing as to principal and interest in such amount and at such time as will insure, without reinvestment, the availability of sufficient moneys to make such payment;

provided, however, that if such payment is to be made upon optional redemption, such payment is made from Available Moneys or from Government Obligations purchased with Available Moneys; (b) all necessary and proper fees, compensation and expenses of the Issuer, the Trustee and the Registrar pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee; and (c) an Accountant's Opinion, to the effect that such moneys and/or Government Obligations will insure, without reinvestment, the availability of sufficient moneys to make such payment, a Bankruptcy Counsel's Opinion to the effect that the payment of the Bonds from the moneys and/or Government Obligations so deposited will not result in a voidable preference under Section 547 of the United States Bankruptcy Code in the event that either the Issuer of the Company were to become a debtor under the United States Bankruptcy Code and a Bond Counsel's Opinion has been delivered to the Issuer, the Company, the Trustee, Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P. The provisions of this paragraph apply only if (x) the Bond with respect to which such deposit is made is to mature or be called for redemption prior to the next succeeding date on which such Bond is subject to purchase as described herein under the captions "THE BONDS—Optional Purchase" and "—Mandatory Purchase" and (y) the Company waives, to the satisfaction of the Trustee, its right to convert the interest rate borne by such Bond.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph will be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds has been previously given in accordance with the Indenture, or in the event said Bonds are not to be redeemed within the next succeeding 60 days, until the Company has given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Owners of the Bonds in accordance with the Indenture, that the deposit required by clause (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

REMOVAL OF TRUSTEE

With the prior written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be (which consent, if unreasonably withheld, will not be required), the Trustee may be removed at any time by filing with the Trustee so removed, and with the Issuer, the Company, the Insurer, if any, the Registrar, the Remarketing Agent and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), an instrument or instruments in writing executed by (a) the Insurer, if any and if no Insurer Default has occurred and is continuing, or (b) the Owners of not less than a majority in principal amount of the Bonds then outstanding and, if no Insurer Default has occurred and is continuing, the Insurer, if any. The Trustee may also be removed by the Issuer under certain circumstances.

MODIFICATIONS AND AMENDMENTS

The Indenture may be modified or amended by the Issuer and the Trustee by supplemental indentures without the consent of the Owners of the Bonds, but with the consent of the Bank in certain circumstances, for any of the following purposes: (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture; (b) to add to the covenants and agreements of the Issuer contained in the Indenture or of the Company, the Insurer, if any, or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to surrender any right or power reserved or conferred upon the Issuer or the Company which does not materially adversely affect the interests of Owners of the Bonds; (c) to confirm, as further assurance, any pledge of or lien on any property subjected or to be subjected to the lien of the Indenture; (d) to comply with the requirements of the Trust Indenture Act of 1939, as amended; (e) to modify, alter, amend or supplement the Indenture or any supplemental indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however,* that any such modification, alteration, amendment or supplement will not take effect until the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, has consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (f) to implement a conversion of the interest rate on the Bonds or to evidence or give effect to or facilitate the delivery and administration under the Indenture of an Alternate Credit Facility or on a Substitute Letter of Credit; (g) to provide for a depository to accept tendered Bonds in lieu of the Trustee; (h) to modify or eliminate the book-entry registration system for any of the Bonds; (i) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal, but only to the extent that such would not adversely affect the Tax-Exempt status of the Bonds; (j) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category (as defined in the Indenture) and also in either of the two highest long-term debt Rating Categories; (k) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies; (1) to provide for any Substitute Collateral and the release of any First Mortgage Bonds; (m) to provide for the appointment of a successor Trustee, Registrar or Paying Agent; (n) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (o) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of the Bonds; (p) to modify, alter, amend or supplement the Indenture in any other respect, if the effective date of such supplemental indenture or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (q) to provide for the delivery to the Trustee of an Insurance Policy or replacement of any Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of any Insurer then providing an Insurance Policy with respect

to the Bonds provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer and the Trustee enter into any supplemental indenture as described above, there must be delivered to the Trustee, the Company, the Insurer, if any, and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms, and will not impair the validity under the Act, of the Bonds or adversely affect the Tax-Exempt status of the Bonds.

The Trustee will provide written notice of any Supplemental Indenture to the Insurer, if any, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), Moody's, S&P and the Owners of all the Bonds then outstanding at least 30 days prior to the effective date of such Supplemental Indenture. Such notice must state the effective date of such Supplemental Indenture, briefly describe the nature of such Supplemental Indenture and state that a copy thereof is on file at the principal office of the Trustee for inspection by the parties mentioned in the preceding sentence.

Except for supplemental indentures entered into for the purposes described above, the Indenture will not be modified, altered, amended supplemented or rescinded without the consent of the Bank (if its Letter of Credit is in effect and no Bank Default has occurred and is continuing) or the Insurer, if any (unless an Insurer Default has occurred and is continuing), together with not less than 60% in the aggregate principal amount of Bonds outstanding, who have the right to consent to and approve any supplemental indenture; *provided* that, unless approved in writing by the Bank (if its Letter of Credit is in effect and no Bank Default has occurred and is continuing) or Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Owners of all the Bonds then affected thereby, there **will not** be permitted (a) a change in the times, amounts or currency of payment of the principal of, or premium, if any, or interest on any Bond, a change in the terms of the purchase thereof by the Trustee, or a reduction in the principal amount or redemption price thereof or the rate of interest thereon, (b) the creation of a claim or lien on or a pledge of the Revenues ranking prior to or on a parity with the claim, lien or pledge created by the Indenture, or (c) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required to approve any such supplemental indenture or which is required to approve any amendment to the Loan Agreement. No such amendment of the Indenture will be effective without the prior written consent of the Company.

AMENDMENT OF THE LOAN AGREEMENT

Without the consent of or notice to the Owners of the Bonds, the Issuer may, with the consent of the Insurer, if any (unless an Insurer Default has occurred and is continuing), modify, alter, amend or supplement the Loan Agreement, and the Trustee may consent thereto, as may be required (a) by the provisions of the Loan Agreement and the Indenture; (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein; (c) in connection with

any other change therein which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds; *provided, however*, that any such modification, alteration, amendment or supplement will not take effect until the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Bank or the Obligor on an Alternate Credit Facility, as the case may be, have consented in writing to such modification, alteration, amendment or supplement; *provided further* that in determining whether any such modification, alteration, amendment or supplement is materially adverse to the Owners of the Bonds, the Trustee will consider the effect on the Owners as if there were no Insurance Policy with respect to the Bonds; (d) to secure or maintain ratings for the Bonds from Moody's and/or S&P in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories; (e) in connection with the delivery and substitution of any Substitute Collateral and the release of any First Mortgage Bonds; (f) to add to the covenants and agreements of the Issuer contained in the Loan Agreement or of the Company or of any Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) contained in any document, other covenants or agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds, or to facilitate the delivery and administration of an Alternate Credit Facility or a Substitute Letter of Credit, or to surrender any right or power reserved or conferred upon the Issuer or the Company, which does not materially adversely affect the interest of the Owners of the Bonds; (g) to provide demand purchase obligations to cause the Bonds to be authorized purchases for investment companies, (h) to provide the procedures required to permit any Owner to separate the right to receive interest on the Bonds from the right to receive principal thereof and to sell or dispose of such right as contemplated by Section 1286 of the Code; (i) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds; (j) to modify, alter, amend or supplement the Loan Agreement in any other respect, including amendments which would otherwise be described herein, if the effective date of such supplement or amendment is a date on which all of the Bonds affected thereby are subject to mandatory purchase and are so purchased; and (k) to provide for the delivery to the Trustee of an Insurance Policy or replacement of any Insurer or for an additional Insurer following the occurrence of an Insurer Default or to provide for an additional Insurer following the withdrawal or suspension or reduction below AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's of the long-term ratings of any Insurer then providing an Insurance Policy with respect to the Bonds provided that the insurance policy provided by the replacement or additional Insurer would result in a long-term rating on the Bonds equal to AAA (or its equivalent rating) by S&P and Aaa (or its equivalent rating) by Moody's.

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, (a) the Trustee will cause notice of such proposed modification, alteration, amendment or supplement to be provided to the Bank, the Insurer, if any, Moody's and S&P, stating that a copy thereof is on file at the office of the Trustee for inspection by the Insurer, if any, Moody's and S&P and (b) there must be delivered to the Bank, the Issuer, the Insurer, if any, and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof,

be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

The Issuer will not enter into and the Trustee will not consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Owners of not less than 60% in the aggregate principal amount of the Bonds at the time outstanding; *provided, however,* that, unless approved in writing by the Owners of all Bonds affected thereby, nothing in the Indenture may permit, or be construed as permitting, a change in the obligations of the Company to make Loan Payments or payments to the Trustee for the purchase of Bonds or the nature of the obligations of the Company on the First Mortgage Bonds. No amendment of the Loan Agreement will become effective without the prior written consent of the Insurer, if any (unless an Insurer Default has occurred and is continuing), and the Company and under certain circumstances, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be).

Before the Issuer enters into, and the Trustee consents to, any modification, alteration, amendment or supplement to the Loan Agreement as described in the immediately preceding paragraph, there must be delivered to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Insurer, if any, and the Trustee an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Loan Agreement or the Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the Tax-Exempt status of the Bonds.

THE FIRST MORTGAGE BONDS

Pursuant to the provisions of the Indenture and Pledge Agreement, dated as of June 1, 2003 between the Company and the Trustee (the "Pledge Agreement"), the First Mortgage Bonds were issued by the Company to secure its obligations under the Loan Agreement. The following summary of certain provisions of the First Mortgage Bonds and the Company Mortgage referred to below does not purport to be complete and is qualified in its entirety by reference thereto and includes capitalized terms defined in such Mortgages.

GENERAL

The First Mortgage Bonds are in the same principal amount and mature on the same dates as the Bonds. In addition, the First Mortgage Bonds are subject to redemption prior to maturity upon the same terms as the Bonds, so that upon any redemption of the Bonds, an equal aggregate principal amount of First Mortgage Bonds will be redeemed. The First Mortgage Bonds bear interest at the same rate, and be payable at the same times, as the Bonds. See "THE LOAN AGREEMENT—Loan Payments; The First Mortgage Bonds" above.

The Company Mortgage provides that in the event of the merger or consolidation of another electric utility company with or into the Company or the conveyance or transfer to the

Company by another such company of all or substantially all of such company's property that is of the same character as Property Additions under the Company Mortgage, an existing mortgage constituting a first lien on operating properties of such other company may be designated by the Company as a Class "A" Mortgage. Any bonds thereafter issued pursuant to such additional mortgage would be Class "A" Bonds and could provide the basis for the issuance of Company Mortgage Bonds (as defined below) under the Company Mortgage.

The Company will receive a credit against its obligations to make any payment of principal of or premium, if any, or interest on the First Mortgage Bonds and such obligations will be deemed fully or partially, as the case may be, satisfied and discharged, in an amount equal to the amount, if any, paid by the Company under the Loan Agreement, or otherwise satisfied or discharged, in respect of the principal of or premium, if any, or interest on the Company Mortgage Bonds. The obligations of the Company to make such payments with respect to the First Mortgage Bonds will be deemed to have been reduced by the amount of such credit.

Pursuant to the provisions of the Indenture, the Loan Agreement and the Pledge Agreement, the First Mortgage Bonds will be registered in the name of and held by the Trustee for the benefit of the Owners and will not be transferable except to a successor trustee under the Indenture. At the time any Bonds cease to be outstanding under the Indenture, the Trustee will surrender to the Company Mortgage Trustee an equal aggregate principal amount of First Mortgage Bonds.

SECURITY AND PRIORITY

The First Mortgage Bonds and any other first mortgage bonds now or hereafter outstanding under the Company Mortgage (*"Company Mortgage Bonds"*) are or will be, as the case may be, secured by a first mortgage Lien on certain utility property owned from time to time by the Company and by Class "A" Bonds, if any, held by the Company Mortgage Trustee, if any. All Company Mortgage Bonds, including the First Mortgage Bonds, issued and outstanding under the Company Mortgage are equally and ratably secured.

The Lien of the Company Mortgage is subject to Excepted Encumbrances, including tax and construction liens, purchase money liens and certain other exceptions.

There are excepted from the Lien of the Company Mortgage all cash and securities (except those specifically deposited); equipment, materials or supplies held for sale or other disposition; any fuel and similar consumable materials and supplies; automobiles, other vehicles, aircraft and vessels; timber, minerals, mineral rights and royalties; receivables, contracts, leases and operating agreements; electric energy, gas, water, steam, ice and other products for sale, distribution or other use; natural gas wells; gas transportation lines or other property used in the sale of natural gas to customers or to a natural gas distribution or pipeline company, up to the point of connection with any distribution system; the Company's interest in the Wyodak Facility; and all properties that have been released from the discharged Mortgages and Deeds of Trust, as supplemented, of Pacific Power & Light Company and Utah Power & Light Company and that PacifiCorp, a Maine corporation, or Utah Power & Light Company, a Utah corporation, contracted to dispose of, but title to which had not passed at the date of the Company Mortgage.

The Company has reserved the right, without any consent or other action by holders of Bonds of the Eighth Series or any subsequently created series of Company Mortgage Bonds (including the First Mortgage Bonds), to amend the Company Mortgage in order to except from the Lien of the Company Mortgage allowances allocated to steam-electric generating plants owned by the Company, or in which the Company has interests, pursuant to Title IV of the Clean Air Act Amendments of 1990, as now in effect or as hereafter supplemented or amended.

The Company Mortgage contains provisions subjecting after-acquired property to the Lien thereof. These provisions may be limited, at the option of the Company, in the case of consolidation or merger (whether or not the Company is the surviving corporation), conveyance or transfer of all or substantially all of the utility property of another electric utility company to the Company or sale of substantially all of the Company's assets. In addition, after-acquired property may be subject to a Class "A" Mortgage, purchase money mortgages and other liens or defects in title.

The Company Mortgage provides that the Company Mortgage Trustee shall have a lien upon the mortgaged property, prior to the holders of Company Mortgage Bonds, for the payment of its reasonable compensation and expenses and for indemnity against certain liabilities.

RELEASE AND SUBSTITUTION OF PROPERTY

Property subject to the Lien of the Company Mortgage may be released upon the basis of:

(1) the release of such property from the Lien of a Class "A" Mortgage;

(2) the deposit of cash or, to a limited extent, purchase money mortgages;

(3) Property Additions, after making adjustments for certain prior lien bonds outstanding against Property Additions; and/or

(4) waiver of the right to issue Company Mortgage Bonds.

Cash may be withdrawn upon the bases stated in (1), (3) and (4) above. Property that does not constitute Funded Property may be released without funding other property. Similar provisions are in effect as to cash proceeds of such property. The Company Mortgage contains special provisions with respect to certain prior lien bonds deposited and disposition of moneys received on deposited prior lien bonds.

ISSUANCE OF ADDITIONAL COMPANY MORTGAGE BONDS

The maximum principal amount of Company Mortgage Bonds that may be issued under the Company Mortgage is not limited. Company Mortgage Bonds of any series may be issued from time to time on the basis of:

(1) 70% of qualified Property Additions after adjustments to offset retirements;

(2) Class "A" Bonds (which need not bear interest) delivered to the Company Mortgage Trustee;

(3) retirement of Company Mortgage Bonds or certain prior lien bonds; and/or

(4) deposits of cash.

With certain exceptions in the case of clauses (2) and (3) above, the issuance of Company Mortgage Bonds is subject to Adjusted Net Earnings of the Company for 12 consecutive months out of the preceding 15 months, before income taxes, being at least twice the Annual Interest Requirements on all Company Mortgage Bonds at the time outstanding, including the additional Company Mortgage Bonds that are to be issued, all outstanding Class "A" Bonds held other than by the Company Mortgage Trustee or by the Company, and all other indebtedness secured by a lien prior to the Lien of the Company Mortgage. In general, interest on variable interest bonds, if any, is calculated using the rate then in effect.

Property Additions generally include electric, gas, steam and/or hot water utility property but not fuel, securities, automobiles, other vehicles or aircraft, or property used principally for the production or gathering of natural gas.

The issuance of Company Mortgage Bonds on the basis of Property Additions subject to prior liens is restricted. Company Mortgage Bonds may, however, be issued against the deposit of Class "A" Bonds.

CERTAIN COVENANTS

The Company Mortgage contains a number of covenants by the Company for the benefit of holders of the Company Mortgage Bonds, including provisions requiring the Company to maintain the Company Mortgaged and Pledged Property as an operating system or systems capable of engaging in all or any of the generating, transmission, distribution or other utility businesses described in the Company Mortgage.

DIVIDEND RESTRICTIONS

The Company Mortgage provides that the Company may not declare or pay dividends (other than dividends payable solely in shares of common stock) on any shares of common stock if, after giving effect to such declaration or payment, the Company would not be able to pay its debts as they become due in the usual course of business. Reference is made to the notes to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K incorporated by reference herein for information relating to other restrictions.

FOREIGN CURRENCY DENOMINATED COMPANY MORTGAGE BONDS

The Company Mortgage authorizes the issuance of Company Mortgage Bonds denominated in foreign currencies, *provided, however,* that the Company deposit with the

Company Mortgage Trustee a currency exchange agreement with an entity having, at the time of such deposit, a financial rating at least as high as that of the Company that, in the opinion of an independent expert, gives the Company at least as much protection against currency exchange fluctuation as is usually obtained by similarly situated borrowers. The Company believes that such a currency exchange agreement will provide effective protection against currency exchange fluctuations. However, if the other party to the exchange agreement defaults and the foreign currency is valued higher at the date of maturity than at the date of issuance of the relevant Company Mortgage Bonds, holders of such Company Mortgage Bonds would have a claim on the assets of the Company which is greater than that to which holders of dollar-denominated Company Mortgage Bonds issued at the same time would be entitled.

THE COMPANY MORTGAGE TRUSTEE

Affiliates of The Bank of New York Mellon Trust Company, N.A., may act as lenders and as administrative agents under loan agreements with the Company and affiliates of the Company. The Bank of New York Mellon Trust Company, N.A., serves as trustee under indentures and other agreements involving the Company and its affiliates. The Bank of New York Mellon Trust Company, N.A., is the Company Mortgage Trustee.

MODIFICATION

The rights of holders of the Company Mortgage Bonds may be modified with the consent of holders of 60% of the Company Mortgage Bonds, or, if less than all series of Company Mortgage Bonds are adversely affected, the consent of the holders of 60% of the series of Company Mortgage Bonds adversely affected. In general, no modification of the terms of payment of principal, premium, if any, or interest and no modification affecting the Lien or reducing the percentage required for modification is effective against any holder of the Company Mortgage Bonds without the consent of such holder.

Unless there is a Default under the Company Mortgage, the Company Mortgage Trustee generally is required to vote Class "A" Bonds held by it, if any, with respect to any amendment of the applicable Class "A" Company Mortgage proportionately with the vote of the holders of all Class "A" Bonds then actually voting.

DEFAULTS AND NOTICES THEREOF

Each of the following will constitute a "Default" under the Company Mortgage with respect to the First Mortgage Bonds:

(1) default in payment of principal;

(2) default for 60 days in payment of interest or an installment of any fund required to be applied to the purchase or redemption of any Company Mortgage Bonds;

(3) default in payment of principal or interest with respect to certain prior lien bonds;

(4) certain events in bankruptcy, insolvency or reorganization;

(5) default in other covenants for 90 days after notice;

(6) the existence of any default under a Class "A" Company Mortgage which permits the declaration of the principal of all of the bonds secured by such Class "A" Company Mortgage and the interest accrued thereupon due and payable; or

(7) an "Event of Default" as described in clauses (a), (b) or (c) under the caption "THE INDENTURE—Defaults" above.

An effective default under any Class "A" Mortgage or under the Company Mortgage will result in an effective default under all such mortgages. The Company Mortgage Trustee may withhold notice of default (except in payment of principal, interest or funds for retirement of Company Mortgage Bonds) if it determines that it is not detrimental to the interests of the holders of the Company Mortgage Bonds.

The Company Mortgage Trustee or the holders of 25% of the Company Mortgage Bonds may declare the principal and interest due and payable on Default, but a majority may annul such declaration if such Default has been cured. No holder of Company Mortgage Bonds may enforce the Lien of the Company Mortgage without giving the Company Mortgage Trustee written notice of a Default and unless the holders of 25% of the Company Mortgage Bonds have requested the Company Mortgage Trustee to act and offered it reasonable opportunity to act and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred thereby and the Company Mortgage Trustee shall have failed to act. The holders of a majority of the Company Mortgage Bonds may direct the time, method and place of conducting any proceedings for any remedy available to the Company Mortgage Trustee or exercising any trust or power conferred on the Company Mortgage Trustee. The Company Mortgage Trustee is not required to risk its funds or incur personal liability if there is reasonable ground for believing that repayment is not reasonably assured.

The Company must give the Company Mortgage Trustee an annual statement as to whether or not the Company has fulfilled its obligations under the Company Mortgage throughout the preceding calendar year.

VOTING OF THE FIRST MORTGAGE BONDS

So long as no Event of Default under the Indenture has occurred and is continuing, the Trustee, as holder of the First Mortgage Bonds, shall vote or consent proportionately with what officials of or inspectors of votes at any meeting of bondholders under the Company Mortgage, or the Company Mortgage Trustee in the case of consents without such a meeting, reasonably believe will be the vote or consent of the holders of all other outstanding Company Mortgage Bonds; *provided, however*, that the Trustee shall not vote in favor of, or consent to, any

modification of the Company Mortgage which, if it were a modification of the Indenture, would require approval of the Owners of Bonds.

DEFEASANCE

Under the terms of the Company Mortgage, the Company will be discharged from any and all obligations under the Company Mortgage in respect of the Company Mortgage Bonds of any series if the Company deposits with the Company Mortgage Trustee, in trust, moneys or Government Obligations, in an amount sufficient to pay all the principal of, premium (if any) and interest on, the Company Mortgage Bonds of such series or portions thereof, on the redemption date or maturity date thereof, as the case may be. The Company Mortgage Trustee need not accept such deposit unless it is accompanied by an Opinion of Counsel to the effect that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Company Mortgage, there has been a change in applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of such Company Mortgage Bonds or the right of payment of interest thereon (as the case may be) will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, and/or ensuing discharge and will be subject to federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such deposit, and/or discharge had not occurred.

Upon such deposit, the obligation of the Company to pay the principal of (and premium, if any) and interest on such series of Company Mortgage Bonds shall cease, terminate and be completely discharged.

In the event of any such defeasance and discharge of Company Mortgage Bonds of such series, holders of Company Mortgage Bonds of such series would be able to look only to such trust fund for payment of principal of (and premium, if any) and interest, if any, on the Company Mortgage Bonds of such series.

REMARKETING

The Remarketing Agent has agreed with the Company, subject to the terms and provisions of the Remarketing Agreement, to be dated May 28, 2010, between the Company and the Remarketing Agent, that the Remarketing Agent will use its best efforts, as remarketing agent, to solicit purchases from potential investors of the Bonds. The Company shall pay the Remarketing Agent, as compensation for its services as remarketing agent, a fee of $112,500. Pursuant to such Remarketing Agreement, the Company has agreed to indemnify the Remarketing Agent against certain liabilities and expenses, including liabilities arising under federal and state securities laws, and to pay for certain expenses in connection with the reoffering of the Bonds.

In the ordinary course of business, the Remarketing Agent and its affiliates have provided investment banking services or bank financing to the Company, its subsidiaries or affiliates in

the past for which they have received customary compensation and expense reimbursement, and may do so again in the future.

CERTAIN RELATIONSHIPS

Wells Fargo Bank, National Association is serving as both Remarketing Agent and Letter of Credit Provider for the Bonds.

TAX EXEMPTION

In connection with the original issuance and delivery of the Bonds, Chapman and Cutler, as Bond Counsel to the Company, rendered an opinion with respect to the Bonds that subject to compliance by the Company and the Issuer with certain covenants referenced in the opinion, under then existing law, interest on the Bonds would not be includible in the gross income of the Owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code) and such interest is not treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Bond Counsel also rendered an opinion that, under then existing statutes and laws of Wyoming, Wyoming imposed no income taxes that would be applicable to interest on the Bonds.

A copy of the opinion letter provided by Bond Counsel in connection with the original issuance and delivery of the Bonds is set forth in APPENDIX C, but inclusion of such copy of the opinion letter is not to be construed as a reaffirmation of the opinion contained therein. The opinion letter speak only as of its date.

Chapman and Cutler LLP will also deliver an opinion in connection with execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement relating to the Bonds and the delivery of the Letter of Credit to the effect that (a) such Fourth Supplemental Indenture (i) is authorized or permitted by the Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Bonds, (b) such Second Supplemental Loan Agreement (i) is authorized or permitted by the Original Loan Agreement or Trust Indenture relating thereto and the Act and complies with their respective terms, (ii) will be valid and binding upon the Issuer in accordance with its terms and (iii) will not adversely affect the Tax-Exempt status of the Bonds and (c) the delivery of the Letter of Credit complies with the terms of the Loan Agreement and will not adversely affect the Tax-Exempt status of the Bonds. Except (A) the adjustment of the interest rate on the Bonds on the date hereof and the adjustment of the interest rate described in our opinions dated (I) December 17, 1999 and January 19, 2000 and (II) May 2, 2003 and June 3, 2003, (B) the execution and delivery of the First Supplemental Trust Indenture, dated as of

January 1, 2000, (C) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 2, 2003 (D) the execution and delivery of the Third Supplemental Trust Indenture and the Second Supplemental Loan Agreement, each dated as of June 1, 2003, and (E) as necessary to render the foregoing opinion, Chapman and Cutler has not reviewed any factual or legal maters relating to the prior opinion of Bond Counsel or the Bonds subsequent to their date of issuance. The proposed form of such opinion is set forth in APPENDIX D.

CONTINUING DISCLOSURE

In connection with the remarketing of the Bonds and five other series of pollution control revenue refunding bonds, the proceeds of which were loaned to the Company by the issuers thereof (collectively, the *"Related Bonds"*), on June 2, 2003, the Company executed and delivered the Continuing Disclosure Agreement, a copy of which is attached hereto as APPENDIX F, for the benefit of the holders and beneficial owners of the Related Bonds as was then required by Section (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12 under the Securities and Exchange Act of 19334, as amended (the *"Rule"*). While not obligated to do so while the Bonds bear interest in the Weekly Interest Rate Period, the Company determined not to terminate its obligations with respect to the Bonds under the Continuing Disclosure Agreement. The Continuing Disclosure Agreement has not been amended since its execution and will not be amended in connection with the remarketing of the Bonds.

A failure by the Company to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture and beneficial owners of the Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the Company to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See "CONTINUING DISCLOSURE AGREEMENT" attached hereto as APPENDIX F for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies.

The Company is in compliance with each and every undertaking previously entered into by it pursuant to the Rule.

CERTAIN LEGAL MATTERS

Certain legal matters in connection with the remarketing will be passed upon by Chapman and Cutler LLP, as Bond Counsel to the Company. Certain legal matters will be passed upon for the Company by Paul J. Leighton, Esq., as counsel for the Company. Certain legal matters will be passed upon for the Remarketing Agent by King & Spalding LLP. The validity of the Letter of Credit will be passed upon for the Bank by in-house counsel to the Bank.

MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Reoffering Circular and must be read together with all of the balance of this Reoffering Circular.

The Issuer has not assumed nor will assume any responsibility for the accuracy or completeness of any information contained herein or in the Appendices hereto, all of which was furnished by others.

APPENDIX A

PACIFICORP

The following information concerning PacifiCorp (the "Company") has been provided by representatives of the Company and has not been independently confirmed or verified by the Remarketing Agent, the Issuer or any other party. No representation is made herein as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Company or in such information after the date hereof, or that the information contained or incorporated herein by reference is correct as of any time after the date hereof.

The Company, which includes PacifiCorp and its subsidiaries, is a United States regulated electric company serving 1.7 million retail customers, including residential, commercial, industrial and other customers in portions of the states of Utah, Oregon, Wyoming, Washington, Idaho and California. PacifiCorp owns, or has interests in, 78 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of 10,483 megawatts (*"MW"*). PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through approximately 15,900 miles of transmission lines. PacifiCorp also buys and sells electricity on the wholesale market with public and private utilities, energy marketing companies and incorporated municipalities as a result of excess electricity generation or other system balancing activities. PacifiCorp is subject to comprehensive state and federal regulation. PacifiCorp's subsidiaries support its electric utility operations by providing coal mining services and environmental remediation services. PacifiCorp is an indirect subsidiary of MidAmerican Energy Holdings Company (*"MEHC"*), a holding company based in Des Moines, Iowa, that owns subsidiaries principally engaged in energy businesses. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. (*"Berkshire Hathaway"*). MEHC controls substantially all of PacifiCorp's voting securities, which include both common and preferred stock.

The Company's operations are exposed to risks, including general economic, political and business conditions in the jurisdictions in which the Company's facilities operate; changes in federal, state and local governmental, legislative or regulatory requirements, including those pertaining to income taxes, affecting the Company or the electric utility industry; changes in, and compliance with, environmental laws, regulations, decisions and policies that could, among other items, increase operating and capital costs, reduce plant output or delay plant construction; the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies; changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage or supply of electricity or the Company's ability to obtain long-term contracts with customers; a high degree of variance between actual and forecasted load and prices that could impact the hedging strategy and costs to balance electricity and load supply; hydroelectric conditions, as well as the cost, feasibility and eventual outcome of hydroelectric relicensing proceedings, that could have a significant impact on electric capacity and cost and the Company's ability to generate electricity; changes in prices, availability and demand for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation

capacity and energy costs; the financial condition and creditworthiness of the Company's significant customers and suppliers; changes in business strategy or development plans; availability, terms and deployment of capital, including reductions in demand for investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for the Company's credit facilities; changes in the Company's credit ratings; performance of the Company's generating facilities, including unscheduled outages or repairs; the impact of derivative contracts used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in the commodity prices, interest rates and other conditions that affect the fair value of derivative contracts; increases in employee healthcare costs; the impact of investment performance and changes in interest rates, legislation, healthcare cost trends, mortality and morbidity on pension and other postretirement benefits expense and funding requirements; unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions; the impact of new accounting pronouncements or changes in current accounting estimates and assumptions on consolidated financial results; other risks or unforeseen events, including litigation, wars, the effects of terrorism, embargoes and other catastrophic events; and other business or investment considerations that may be disclosed from time to time in the Company's filings with the United States Securities and Exchange Commission (the *"Commission"*) or in other publicly disseminated written documents. See the Incorporated Documents under "Incorporation of Certain Documents by Reference."

The principal executive offices of the Company are located at 825 N.E. Multnomah, Suite 2000, Portland, Oregon 97232; the telephone number is (503) 813-5000.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*), and in accordance therewith files reports and other information with the Commission. Such reports and other information (including proxy and information statements) filed by the Company may be inspected and copied at public reference rooms maintained by the Commission in Washington, D.C., New York, New York and Chicago, Illinois. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Company's filings with the Commission are also available to the public at the website maintained by the Commission at http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act are incorporated herein by reference:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

2. Quarterly Report on Form 10-Q for the three months ended March 31, 2010.

3. Current Report on Form 8-K, dated January 20, 2010.

4. Current Report on Form 8-K, dated March 30, 2010.

5. All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the Quarterly Report on Form 10-Q for the three months ended March 31, 2010 and before the termination of the reoffering made by this Reoffering Circular (the *"Reoffering Circular"*) shall be deemed to be incorporated by reference in this Reoffering Circular and to be a part hereof from the date of filing such documents (such documents and the documents enumerated above, being hereinafter referred to as the *"Incorporated Documents"*), *provided, however,* that the documents enumerated above and the documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act in each year during which the reoffering made by this Reoffering Circular is in effect before the filing of the Company's Annual Report on Form 10-K covering such year shall not be Incorporated Documents or be incorporated by reference in this Reoffering Circular or be a part hereof from and after such filing of such Annual Report on Form 10-K.

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

The Incorporated Documents are not presented in this Reoffering Circular or delivered herewith. The Company hereby undertakes to provide without charge to each person to whom a copy of this Reoffering Circular has been delivered, on the written or oral request of any such person, a copy of any or all of the Incorporated Documents, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein. Requests for such copies should be directed to PacifiCorp, 825 N.E. Multnomah, Suite 2000, Portland, Oregon 97232, telephone number (503) 813-5000. The information relating to the Company contained in this Reoffering Circular does not purport to be comprehensive and should be read together with the information contained in the Incorporated Documents.

APPENDIX B

INFORMATION REGARDING THE BANK

The information under this heading has been provided solely by the Bank and is believed to be reliable. This information has not been verified independently by the Company or any of the Remarketing Agent. Neither the Company nor any of the Remarketing Agent make any representation whatsoever as to the accuracy, adequacy or completeness of such information.

WELLS FARGO BANK, NATIONAL ASSOCIATION

Wells Fargo Bank, National Association (the *"Bank"*) is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Bank is an indirect, wholly owned subsidiary of Wells Fargo & Company, a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California (*"Wells Fargo"*).

Effective at 11:59 p.m. on December 31, 2008, Wells Fargo acquired Wachovia Corporation and its subsidiaries in a stock-for-stock merger transaction. Information about this merger has been included in filings made by Wells Fargo with the Securities and Exchange Commission (*"SEC"*). Copies of these filings are available free of charge on the SEC's website at www.sec.gov or by writing to Wells Fargo's Corporate Secretary at the address given below.

Each quarter, the Bank files with the FDIC financial reports entitled "Consolidated Reports of Condition and Income for Insured Commercial Banks with Domestic and Foreign Offices," commonly referred to as the "Call Reports." The Bank's Call Reports are prepared in accordance with regulatory accounting principles, which may differ from generally accepted accounting principles. The publicly available portions of the Call Reports contain the most recently filed quarterly reports of the Bank, which include the Bank's total consolidated assets, total domestic and foreign deposits, and total equity capital. These Call Reports, as well as the Call Reports filed by the Bank with the FDIC after the date of this Offering Memorandum, may be obtained from the FDIC, Disclosure Group, Room F518, 550 17th Street, N.W., Washington, D.C. 20429 at prescribed rates, or from the FDIC on its Internet site at www.fdic.gov, or by writing to the Wells Fargo Corporate Secretary's Office, Wells Fargo Center, Sixth and Marquette, MAC N9305-173, Minneapolis, MN 55479.

The Letter of Credit will be solely an obligation of the Bank and will not be an obligation of, or otherwise guaranteed by, Wells Fargo, and no assets of Wells Fargo or any affiliate of the Bank or Wells Fargo will be pledged to the payment thereof. Payment of the Letter of Credit will not be insured by the FDIC.

The information contained in this section, including financial information, relates to and has been obtained from the Bank, and is furnished solely to provide limited introductory

information regarding the Bank and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank since the date hereof.

APPENDIX C

APPROVING OPINION OF BOND COUNSEL

Law Offices of

CHAPMAN AND CUTLER

50 South Main Street, Salt Lake City, Utah 84144-0402

Telephone (801) 533-0066
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Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

Chicago

111 West Monroe Street
Chicago, Illinois 60603
(312) 845-3000

January 17, 1991

Re: $45,000,000 Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 of Lincoln County, Wyoming

We hereby certify that we have examined certified copy of the proceedings of record of the Board of County Commissioners of Lincoln County, Wyoming (the *"Issuer"*), a political subdivision of the State of Wyoming, preliminary to the issuance by the Issuer of its Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991, in the aggregate principal amount of $45,000,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 to 15-1-710, inclusive, Wyoming Statutes (1977), as amended and supplemented (the *"Act"*), for the purpose of refunding the Issuer's $45,000,000 Pollution Control Revenue Bonds, 11-1/8% Series due April 1, 2011 (Utah Power & Light Company Project) (the *"Refunded, Bonds"*). The Refunded Bonds were issued for the purpose of financing a portion of the cost of air pollution control facilities (the *"Project"*) at the Naughton generating plant (the *"Station"*) in Lincoln County, Wyoming, for use by Utah Power & Light Company, a Utah corporation which, subsequent to the issuance of the Refunded Bonds, merged with PacifiCorp, an Oregon corporation (the *"Company"*). The proceeds of the Bonds, together with other moneys provided by the Company, have been deposited with the trustee for the Refunded Bonds to provide for the payment of the Refunded Bonds.

The Bonds mature on January 1, 2016, bear interest from time to time computed as set forth in each of the Bonds and are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. The Bonds are issuable in Authorized Denominations as provided in the hereinafter-defined Indenture, only as fully-registered Bonds without coupons.

From such examination of the proceedings of the Board of County Commissioners of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for said issue of Bonds under the laws of the State of Wyoming now in force.

Pursuant to a Loan Agreement, dated as of January 1, 1991 (the *"Loan Agreement"*), by and between the Company and the Issuer, the Issuer has agreed to loan the Proceeds from the sale of the Bonds to the Company for the purpose of refunding the Refunded Bonds, and the Company has agreed to pay amounts at least sufficient to pay the Principal of, premium, if any, and interest on the Bonds when due, whether at stated maturity, call for redemption or acceleration. The Loan Agreement (an executed counterpart of which has been examined by us) has, in our opinion, been duly authorized, executed and delivered by the Issuer, and, assuming the due authorization, execution and delivery by the Company, is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

We have also examined an executed counterpart of the Trust Indenture, dated as of January 1, 1991 (the *"Indenture"*), by and between the Issuer and The First National Bank of Chicago, as Trustee (the *"Trustee"*), securing the Bonds and setting forth the covenants and undertakings of the Issuer in connection with the Bonds and making provision under certain conditions for the remarketing of the Bonds by a Remarketing Agent (the *"Remarketing Agent"*), for the fixing of Floating Interest Rates (as defined in the Indenture) to be borne by the Bonds, which Floating Interest Rates may be a Daily Interest Rate, a Weekly Interest Rate, a Monthly Interest Rate or Flexible Rates (each as defined in the Indenture), and for the conversion of the interest rate borne by the Bonds to a different Floating Interest Rate or to a Term Interest Rate under certain conditions. The Indenture provides that the Bonds bear interest at Flexible Rates until conversion to a different Floating Interest Rate or to a Term Interest Rate. Under the Indenture, the revenues derived by the Issuer under the Loan Agreement, together with certain of the rights of the Issuer thereunder, are pledged and assigned to the Trustee as security for the Bonds. From such examination, we are of the opinion that the proceedings of the Board of County Commissioners of the Issuer referred to above show lawful authority for the execution and delivery of the Indenture, that the Indenture is a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought, that the Bonds have been validly issued under the Indenture, and that all requirements under the Indenture precedent to delivery of the Bonds have been satisfied.

In connection with the Company's obligation to make payments to the Issuer under the Loan Agreement, the Company has caused to be delivered to the Trustee an irrevocable Letter of Credit (the *"Letter of Credit"*) of Union Bank of Switzerland, Los Angeles Branch (the *"Bank"*), under which the Trustee is permitted under certain conditions to draw up to (a) an amount equal to the principal of the outstanding Bonds (i) to pay the principal of the Bonds when due upon redemption or acceleration or (ii) to enable the Trustee to pay the purchase price or portion of the purchase price equal to the principal amount of Bonds delivered to the Trustee for purchase and not remarketed, plus (b) an amount equal to 294 days' accrued interest on the outstanding Bonds (i) to pay interest on the Bonds or (ii) to enable the Trustee to pay the portion of the purchase price of the Bonds delivered to the Trustee equal to the accrued interest, if any, on such Bonds.

Delivery of the Letter of Credit, however, does not release the Company from its payment obligation under the Loan Agreement. The stated expiration date of the Letter of Credit is January 31, 1994, subject to the provisions of the Letter of Credit.

We further certify that we have examined the form of bond prescribed in the Indenture and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and, as provided in the Indenture and the Bonds, are payable by the Issuer solely out of payments to be made by the Company under the Loan Agreement, except to the extent paid from moneys drawn by the Trustee under the Letter of Credit.

Subject to the condition that the Company and the Issuer comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1954, as amended (the *"1954 Code"*), and the Internal Revenue Code of 1986, we are of the opinion that under present law interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code), and the interest on the Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations (because the Refunded Bonds were issued prior to August 8, 1986). Interest on the Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and Company covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon a certificate of even date herewith of the Company relating to the Station, the Project and the application of the proceeds of the Refunded Bonds and the proceeds of the Bonds with respect to certain material facts solely within the knowledge of the Company.

In our opinion, under present Wyoming law, the State of Wyoming imposes no income taxes which would be applicable to interest on the Bonds.

We are not passing upon the Letter of Credit or action taken by the Bank in connection therewith. Opinions of counsel to the Bank of even date herewith have been delivered with respect to the validity of the Letter of Credit.

Stoel Rives Boley Jones & Grey, counsel to the Company, has delivered an opinion of even date herewith concerning the obligations of the Company under the Loan Agreement. In rendering this opinion, we have relied upon said opinion with respect to, among other things: (i) the due organization of the Company, (ii) the good standing or existence of the Company in the States of Wyoming and Oregon, (iii) the approval of the execution and delivery by the Company of the Loan Agreement by all necessary regulatory authorities exercising jurisdiction over the Company, (iv) the corporate power of the Company to enter into, and the due execution by the

Company of, the Loan Agreement, and (v) the binding effect of the Loan Agreement on the Company.

Dennis L. Sanderson, counsel to the Issuer, has delivered an opinion of even date herewith with respect to the obligations of the Issuer under the Bonds, the Loan Agreement and the Indenture.

The opinions described above are in form satisfactory to us, both in scope and content.

We express no opinion as to the title to, the description of, or the existence of any liens, charges or encumbrances on the Project or the Station.

CHAPMAN AND CUTLER

APPENDIX D

PROPOSED FORM OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[DATED THE CLOSING DATE]

The Bank of New York Mellon,
Trust Company, N.A.,
as successor Trustee
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

PacifiCorp
825 N.E. Multnomah Street,
Suite 1900
Portland, Oregon 97232-4116

Lincoln County, Wyoming
925 Sage, Suite 302
Kemmerer, Wyoming 83101

Wells Fargo Bank, National Association
301 South College Street, 7th Floor
Charlotte, North Carolina 28202

Re: $45,000,000
Lincoln County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project) Series 1991 (the *"Bonds"*)

Ladies and Gentlemen:

This opinion is being furnished in accordance with (a) Sections 12.02(c)(ii) and 12.06 of that certain Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Indenture"*), between Lincoln County, Wyoming (the *"Issuer"*) and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*), (b) Section 4.03(a) of that certain Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Loan Agreement"*), between the Issuer and PacifiCorp (the *"Company"*) and (c) Section 5(e)(3)(B) of that certain Remarketing Agreement, dated May __, 2010, between the Company and Wells Fargo Bank, National Association, as remarketing agent. Prior to the date hereof, payment of principal and purchase price of and interest on the Bonds was secured only by certain first mortgage bonds of the Company. In connection with the adjustment to a weekly interest rate period on the date hereof, the Company desires to deliver a Letter of Credit (the *"Letter of Credit"*) to be issued by Wells Fargo Bank, National Association (the *"Bank"*), for the benefit of the Trustee. In order to provide for the delivery of the Letter of Credit and to make certain other permitted changes in connection therewith to the Original Indenture and the Original Loan Agreement, (a) the Company, pursuant to Section 12.02 of the Original Indenture, has requested the Issuer and the Trustee to enter into the Fourth

Supplemental Trust Indenture, dated as of June 1, 2010 (the *"Fourth Supplemental Indenture"*), in order to amend and restate the Original Indenture and (b) the Company and the Issuer, pursuant to Section 12.06 of the Original Indenture and Section 9.04 of the Original Loan Agreement, have determined to enter into the Second Supplemental Loan Agreement, dated as of June 1, 2010 (the *"Second Supplemental Loan Agreement"*), to amend and restate the Original Loan Agreement. It has been represented to us that the Owners of all of the Bonds have consented to the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement.

We have examined the law and such documents and matters as we have deemed necessary to provide this opinion letter. As to questions of fact material to the opinions expressed herein, we have relied upon the provisions of the Original Indenture and related documents, and upon representations, including regarding the consent of the Owners, made to us without undertaking to verify the same by independent investigation.

The terms used herein denoted by initial capitals and not otherwise defined shall have the meanings specified in the Indenture.

Based upon the foregoing and as of the date hereof, we are of the opinion that:

1. The form of the restated bond prescribed in the Fourth Supplemental Indenture (the *"Restated Bonds"*) satisfies the requirements of the Act and the Original Indenture and the authentication of the Restated Bonds will not adversely affect the Tax-Exempt status of the Bonds.

2. The Fourth Supplemental Indenture is authorized or permitted by the Original Indenture and the Act and complies with their respective terms.

3. The modification, alteration, amendment and supplement of the Original Loan Agreement by the Second Supplemental Loan Agreement is authorized or permitted by the Original Loan Agreement or the Original Indenture and the Act and complies with their respective terms.

4. The Fourth Supplemental Indenture and the Second Supplemental Loan Agreement will, upon execution and delivery thereof, be valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equitable principals in the event equitable remedies should be sought.

5. The delivery of the Letter of Credit complies with the terms of the Original Loan Agreement.

6. The (a) execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement and (b) the delivery of the Letter of Credit will not adversely affect the Tax-Exempt status of the Bonds.

At the time of the issuance of the Bonds, we rendered our approving opinion relating to, among other things, the validity of the Bonds and the exclusion from federal income taxation of interest on the Bonds. We have not been requested, nor have we undertaken, to make an independent investigation to confirm that the Company and the Issuer have complied with the provisions of the Original Indenture, the Original Loan Agreement, the Tax Certificate (as defined in the Original Indenture) and other documents relating to the Bonds, or to review any other events that may have occurred since we rendered such approving opinion other than with respect to the Company in connection (a) the adjustment of the interest rate on the Bonds on the date hereof and the adjustment of the interest rate described in our opinions dated (i) December 17, 1999 and January 19, 2000 and (ii) May 2, 2003 and June 3, 2003, (b) the execution and delivery of the First Supplemental Trust Indenture, dated as of January 1, 2000, (c) the execution and delivery of the Second Supplemental Trust Indenture, dated as of March 2, 2003 (d) the execution and delivery of the Third Supplemental Trust Indenture and the Second Supplemental Loan Agreement, each dated as of June 1, 2003, and (e) the execution and delivery of the Fourth Supplemental Indenture and the Second Supplemental Loan Agreement and the delivery of the Letter of Credit described herein. Accordingly, we do not express any opinion with respect to the Bonds, except as described above.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

In rendering this opinion as Bond Counsel, we are passing only upon those matters set forth in this opinion and are not passing upon the adequacy, accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

Respectfully submitted,

APPENDIX E

FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT

June 1, 2010
Letter of Credit No. NZS660885

The Bank of New York Mellon Trust Company, N.A.
2 North LaSalle Street, Suite 1020
Chicago, IL 60602

Attention: Global Corporate Trust

Ladies and Gentlemen:

We hereby establish in your favor, as Trustee for the benefit of the owners of the Bonds (as defined below) under the Indenture described below, at the request and for the account of PacifiCorp, an Oregon corporation, our irrevocable letter of credit in the amount of U.S. $45,710,137 (Forty-Five Million Seven Hundred Ten Thousand One Hundred Thirty Seven Dollars) in connection with the Bonds available with ourselves by sight payment against presentation of one or more signed and dated demands addressed by you to Wells Fargo Bank, National Association, Letter of Credit Operations Office, San Francisco, California, each in the form of Annex A (an "A Drawing"), Annex B (a "B Drawing"), Annex C (a "C Drawing"), or Annex D (a "D Drawing") hereto, with all instructions in brackets therein being complied with. Each such demand must be presented to us (1) in its signed and dated original form at the Presentation Office (as hereinafter defined), or (2) by facsimile transmission of such signed and dated original form to our facsimile number specified after our signature on this Letter of Credit.

Each such presentation must be made at or before 5:00 p.m. San Francisco time on a Business Day (as hereinafter defined) to our Letter of Credit Operations Office in San Francisco, California, presently located at One Front Street, 21st Floor, San Francisco, California 94111, (the "Presentation Office").

This Letter of Credit expires at our Letter of Credit Operations Office in San Francisco, California on June 1, 2011, but shall be automatically extended, without written amendment, to, and shall expire on, June 1, 2012 unless on or before May 2, 2011 you have received written notice from us sent by express courier or registered mail to your address above, or by facsimile transmission to your Fax number (312) 827-8542, that we elect not to extend this Letter of Credit beyond the June 1, 2011. (The date on which this Letter of Credit expires pursuant to the preceding sentence, or if such date is not a Business Day then the first (1st) succeeding Business Day thereafter, will be hereinafter referred to as the "Expiration Date".) To be effective, the notice from us described in the first sentence of this paragraph must be received by you on or before May 2, 2011.

As used herein the term "Business Day" shall mean a day on which our San Francisco Letter of Credit Operations Office is open for business.

The amount of any demand presented hereunder will be the amount inserted in numbered Paragraph 4 of said demand. By honoring any such demand we make no representation as to the correctness of the amount demanded.

We hereby agree with you that each demand presented hereunder in full compliance with the terms hereof will be duly honored by our payment to you of the amount of such demand, in immediately available funds of Wells Fargo Bank, National Association:

(i) not later than 10:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before noon, San Francisco time, or

(ii) not later than 10:00 a.m., San Francisco time, on the second Business Day following the Business Day on which such demand is presented to us as aforesaid, if such presentation is made to us after noon, San Francisco time.

Notwithstanding the foregoing, any demand presented hereunder, in full compliance with the terms hereof, for a C Drawing will be duly honored (i) not later than 11:30 a.m., San Francisco time, on the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us at or before 9:00 a.m., San Francisco time, and (ii) not later than 11:00 a.m., San Francisco time, on the Business Day following the Business Day on which such demand is presented to us as aforesaid if such presentation is made to us after 9:00 a.m., San Francisco time.

If the remittance instructions included with any demand presented under this Letter of Credit require that payment is to be made by transfer to an account with us or with another bank, we and/or such other bank may rely solely on the account number specified in such instructions even if the account is in the name of a person or entity different from the intended payee.

With respect to any demand that is honored hereunder, the total amount of this Letter of Credit shall be reduced as follows:

(A) With respect to each A Drawing paid by us, the total amount of this Letter of Credit shall be reduced by the amount of such A Drawing with respect to all demands presented to us after the time we receive such A Drawing; provided, however, that the amount of such A Drawing shall be automatically reinstated on the eighth (8th) Business Day following the date such A Drawing is honored by us, unless (i) you shall have received notice from us sent to you at your above address by express courier or registered mail, or by facsimile transmission to your Fax number (312) 827-8542, no later than seven (7) Business Days after such A Drawing is honored by us that there shall be no such reinstatement, or (ii) such eighth (8th) Business Day falls after the Expiration Date;

(B) With respect to each B Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such B Drawing by the sum of (1) the amount inserted as principal in paragraph 5(A) of the B Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the B Drawing and (b) interest on the amount

inserted as principal in paragraph 5(A) of the B Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent), and no part of such sum shall be reinstated;

With respect to each C Drawing paid by us, the total amount of this Letter of Credit shall be reduced with respect to all demands presented to us after the time we receive such C Drawing by the sum of (1) the amount inserted as principal in paragraph 5(A) of the C Drawing plus (2) the **greater** of (a) the amount inserted as interest in paragraph 5(B) of the C Drawing and (b) interest on the amount inserted as principal in paragraph 5(A) of the C Drawing calculated for 48 days at the rate of twelve percent (12%) per annum based on a year of 365 days (with any fraction of a cent being rounded upward to the nearest whole cent); provided, however, that if the Bonds related to such C Drawing are remarketed and the remarketing proceeds are paid to us prior to the Expiration Date, then on the day we receive such remarketing proceeds the amount of this Letter of Credit shall be reinstated by an amount which equals the sum of (i) the amount paid to us from such remarketing proceeds and (ii) interest on such amount calculated for the same number of days, at the same interest rate, and on the basis of a year of the same number of days as is specified in (2)(b) of this paragraph (C) (with any fraction of a cent being rounded upward to the nearest whole cent), with such reinstatement and its amount being promptly advised to you; provided, however, that in no event will the total amount of all C Drawing reinstatements exceed the total amount of all Letter of Credit reductions made pursuant to this paragraph (C)Upon presentation to us of a D Drawing in compliance with the terms of this Letter of Credit, no further demand whatsoever may be presented hereunder.

No more than one A Drawing which we honor shall be presented to us during any consecutive twenty-seven (27) calendar day period. No A Drawing which we honor shall be for an amount more than U.S. $710,137.

It is a condition of this Letter of Credit that the amount available for drawing under this Letter of Credit shall be decreased automatically without amendment upon our receipt of each reduction authorization in the form of Annex E to this Letter of Credit (with all instructions therein in brackets being complied with) sent to us (1) in its signed and dated original form at the Presentation Office, or (2) by facsimile transmission of such signed and dated original form to our facsimile number specified after our signature on this Letter of Credit, or (3) by authenticated SWIFT transmission of the completed wording of such Annex E to our SWIFT address specified after our signature on this Letter of Credit.

This Letter of Credit is subject to, and engages us in accordance with the terms of, the Uniform Customs and Practice for Documentary Credits (2007 Revision), Publication No. 600 of the International Chamber of Commerce (the "UCP"); provided, however, that if any provision of the UCP contradicts a provision of this Letter of Credit such provision of the UCP will not be applicable to this Letter of Credit, and provided further that Article 32, the second sentence of Article 36, and subsection (e) of Article 38 of the UCP shall not apply to this Letter of Credit. Furthermore, as provided in the first sentence of Article 36 of the UCP, we assume no liability or responsibility for consequences arising out of the interruption of our business by Acts of God, riots, civil commotions, insurrections, wars, acts of terrorism, or by any strikes or lockouts, or any other causes beyond our control. Matters related to this Letter of Credit which are not

covered by the UCP will be governed by the laws of the State of California, including, without limitation, the Uniform Commercial Code as in effect in the State of California, except to the extent such laws are inconsistent with the provisions of the UCP or this Letter of Credit.

This Letter of Credit is transferable and may be transferred more than once, but in each case only in the amount of the full unutilized balance hereof to any single transferee who you shall have advised us pursuant to Annex F has succeeded The Bank of New York Mellon Trust Company, N.A. or a successor trustee as Trustee under the Trust Indenture Amended and Restated as of June 1, 2010, as amended or supplemented from time to time (the "Indenture") between Lincoln County, Wyoming (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $45,000,000 in aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 (the "Bonds") were issued. Transfers may be effected without charge to the transferor and only through ourselves and only upon presentation to us at the Presentation Office of a duly executed instrument of transfer in the form attached hereto as Annex F. Any transfer of this Letter of Credit as aforesaid must be endorsed by us on the reverse hereof and may not change the place of presentation of demands from our Letter of Credit Operations Office in San Francisco, California.

All payments hereunder shall be made from our own funds.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds and the Indenture), except the UCP to the extent the UCP is not inconsistent with or made inapplicable by this Letter of Credit; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except the UCP.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Authorized Signature

Letter of Credit Operations Office
Telephone No.: 1-800-798-2815
Facsimile No.: (415) 296-8905

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT, ON AN INTEREST PAYMENT DATE (AS DEFINED IN THE INDENTURE), OF UNPAID INTEREST ON THE BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $**[INSERT AMOUNT]**.

(5) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(6) IF THIS DEMAND IS RECEIVED AT THE PRESENTATION OFFICE BY YOU AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF

THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND THE UNPAID INTEREST ON, REDEEMED BONDS UPON AN OPTIONAL AND/OR MANDATORY REDEMPTION OF LESS THAN ALL OF THE BONDS CURRENTLY OUTSTANDING.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT HEREBY DEMANDED IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF THE REDEEMED BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE REDEEMED BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH

CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10.00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE PRINCIPAL AMOUNT OF, AND INTEREST DUE ON, THOSE BONDS WHICH THE REMARKETING AGENT (AS DEFINED IN THE INDENTURE) HAS BEEN UNABLE TO REMARKET WITHIN THE TIME LIMITS ESTABLISHED IN THE INDENTURE.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS INSERTED IN PARAGRAPH 5 BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF PRINCIPAL OF THE BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF INTEREST DUE ON THE BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE

AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE 9:00 A.M., SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:30 A.M., SAN FRANCISCO TIME, ON SAID BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER 9:00 A.M., SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 11:00 A.M., SAN FRANCISCO TIME, ON THE BUSINESS DAY FOLLOWING SAID BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER.

[INSERT NAME OF BENEFICIARY] (THE "TRUSTEE") HEREBY CERTIFIES TO WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK") WITH REFERENCE TO IRREVOCABLE LETTER OF CREDIT NO. NZS660885 (THE "LETTER OF CREDIT"; THE TERMS THE "BONDS", "BUSINESS DAY", THE "INDENTURE", AND THE "PRESENTATION OFFICE" USED HEREIN SHALL HAVE THEIR RESPECTIVE MEANINGS SET FORTH IN THE LETTER OF CREDIT) THAT:

(1) THE TRUSTEE IS THE TRUSTEE OR A SUCCESSOR TRUSTEE UNDER THE INDENTURE.

(2) THE TRUSTEE IS MAKING A DEMAND UNDER THE LETTER OF CREDIT FOR PAYMENT OF THE TOTAL UNPAID PRINCIPAL OF, AND UNPAID INTEREST ON, ALL OF THE BONDS WHICH ARE CURRENTLY OUTSTANDING UPON (A) THE STATED MATURITY OF ALL SUCH BONDS, (B) THE ACCELERATION OF ALL SUCH BONDS FOLLOWING AN EVENT OF DEFAULT UNDER THE INDENTURE (C) [THE MANDATORY TENDER OF ALL SUCH BONDS,] OR (D) THE REDEMPTION OF ALL SUCH BONDS.

(3) THE AMOUNT OF THIS DEMAND FOR PAYMENT WAS COMPUTED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE BONDS AND THE INDENTURE AND IS DEMANDED IN ACCORDANCE WITH THE INDENTURE, WHICH AMOUNT PLEASE REMIT TO THE UNDERSIGNED AS FOLLOWS:

[INSERT REMITTANCE INSTRUCTIONS].

(4) THE AMOUNT HEREBY DEMANDED UNDER THE LETTER OF CREDIT IS $[INSERT AMOUNT WHICH IS THE SUM OF THE TWO AMOUNTS SET FORTH IN PARAGRAPH 5, BELOW].

(5) THE AMOUNT OF THIS DEMAND IS EQUAL TO THE SUM OF (A) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID PRINCIPAL OF THE OUTSTANDING BONDS AND (B) **$[INSERT AMOUNT]** BEING DRAWN WITH RESPECT TO THE PAYMENT OF THE UNPAID INTEREST ON THE OUTSTANDING BONDS.

(6) THE TRUSTEE HAS CONTACTED OR ATTEMPTED TO CONTACT BY TELEPHONE AN OFFICER OF THE BANK AT THE PRESENTATION OFFICE REGARDING THE AMOUNT OF THIS DEMAND AND THE DATE AND TIME BY WHICH PAYMENT IS DEMANDED, HOWEVER, SUCH CONTACT, WHETHER OR NOT ATTEMPTED OR MADE, IS NOT A CONDITION TO HONORING A DEMAND FOR PAYMENT MADE PURSUANT HERETO.

(7) IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AT OR BEFORE NOON, SAN FRANCISCO TIME ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE NEXT BUSINESS DAY. IF THIS DEMAND IS RECEIVED BY YOU AT THE PRESENTATION OFFICE AFTER NOON, SAN FRANCISCO TIME, ON A BUSINESS DAY, YOU MUST MAKE PAYMENT ON THIS DEMAND AT OR BEFORE 10:00 A.M., SAN FRANCISCO TIME, ON THE SECOND BUSINESS DAY FOLLOWING SUCH BUSINESS DAY.

[INSERT NAME OF BENEFICIARY]

[INSERT SIGNATURE AND DATE]

WELLS FARGO BANK, NATIONAL ASSOCIATION.
LETTER OF CREDIT OPERATIONS OFFICE
ONE FRONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94111

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER

LETTER OF CREDIT REDUCTION AUTHORIZATION

[INSERT NAME OF BENEFICIARY], WITH REFERENCE TO LETTER OF CREDIT NO. NZS660885 ISSUED BY WELLS FARGO BANK, NATIONAL ASSOCIATION (THE "BANK"), HEREBY UNCONDITIONALLY AND IRREVOCABLY REQUESTS THAT THE BANK DECREASE THE AMOUNT AVAILABLE FOR DRAWING UNDER THE LETTER OF CREDIT BY $**[INSERT AMOUNT]**.

[FOR SIGNED REDUCTION AUTHORIZATIONS ONLY]

[INSERT NAME OF BENEFICIARY]

By: **[INSERT SIGNATURE]**
TITLE: **[INSERT TITLE]**

DATE: **[INSERT DATE]**

SIGNATURE GUARANTEED BY

[INSERT NAME OF BANK]

By: _____
[INSERT NAME AND TITLE]

WELLS FARGO BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT OPERATIONS OFFICE
One Front Street, 21st Floor,
San Francisco, California, 94111

FOR THE URGENT ATTENTION OF LETTER OF CREDIT MANAGER

[INSERT DATE]

Subject: Your Letter of Credit No. NZS660885

Ladies and Gentlemen:

For value received, we hereby irrevocably assign and transfer all of our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended, increased or reduced to:

_____

[Name of Transferee]

_____

_____

_____

[Address of Transferee]

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us.

The original Letter of Credit is returned with all amendments to this date. Please notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions to this Letter of Credit, including amendments as transferred.

You are hereby advised that the transferee named above has succeeded The Bank of New York Mellon Trust Company, N.A., or a successor trustee as Trustee under the Trust Indenture Amended and Restated as of June 1, 2010, as amended or supplemented from time to time (the "Indenture") between Lincoln County, Wyoming (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which U.S. $45,000,000 in aggregate principal amount of the Issuer's Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991 (the "Bonds") were issued.

Very truly yours,

[Insert Name of Transferor]

By: _____
[Insert Name and Title]

TRANSFEROR'S SIGNATURE GUARANTEED

By: _____
[Bank Name]

By: _____
[Insert Name and Title]

By its signature below, the undersigned transferee acknowledges that it has duly succeeded _____ or a successor trustee as Trustee under the Indenture.

[Insert Name of Transferee]

By: _____
[Insert Name and Title]

APPENDIX F

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is executed and delivered by PacifiCorp (the "Company") in consideration of the reoffering of the six issues of Bonds identified by Schedule I hereto in conjunction with the remarketing thereof by J.P. Morgan Securities Inc., Citigroup Global Markets Inc., Lehman Brothers Inc. and Bank One Capital Markets, Inc., as Remarketing Agents.

Section 1. The Company does hereby covenant and agree and enter into a written undertaking for the benefit of the holders and beneficial owners of the Bonds as required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule"). Capitalized terms used in this Agreement and not otherwise defined in the respective Indenture of Trust and Trust Indentures (collectively, the "Indenture") identified by such Schedule I between the respective Issuers identified by such Schedule I and the respective Trustees identified by such Schedule I (collectively, the "Trustee") shall have the meanings assigned such terms in Section 4 hereof. This Agreement shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 2. The Company undertakes to provide the following information in accordance with this Agreement as required by the Rule:

(a) Annual Financial Information;

(b) Audited Financial Statements, if any; and

(c) Material Event Notices.

Section 3.

(a) The Company, while any Bonds are Outstanding, shall provide the Annual Financial Information on or before the date which is 180 days after the end of each fiscal year of the Company (the "Report Date") to each then existing NRMSIR and the SID, if any. The Company shall include with each submission of Annual Financial Information a written representation to the effect that the Annual Financial Information is the Annual Financial Information specified by this Agreement, that such Annual Financial Information complies with the applicable requirements of the Rule and that it has been provided to each then existing NRMSIR and the SID, if any. If the Company changes its fiscal year, it shall provide written notice of the change of fiscal year to each then existing NRMSIR or the Municipal Securities Rulemaking Board (the "MSRB") and the SID, if any. It shall be sufficient if the Company provides to each then existing NRMSIR and the SID, if any, any or all of the Annual Financial Information by specific reference to documents previously provided to each NRMSIR and the SID, if any, or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(b) If not provided as part of the Annual Financial Information, the Company shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to each then existing NRMSIR and the SID, if any.

(c) If a Material Event occurs while any Bonds are Outstanding, the Company shall provide a Material Event Notice in a timely manner to each then existing NRMSIR or the MSRB and the SID, if any. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(d) The Company shall provide in a timely manner to each then existing NRMSIR or the MSRB and to the SID, if any, notice of any failure by the Company while any Bonds are Outstanding to provide to the NRMSIRs and the SID, if any, Annual Financial Information on or before the Report Date.

Section 4. The following are the definitions of the capitalized terms used in this Agreement not otherwise defined in this Agreement or the Indenture:

(a) "*Annual Financial Information*" means the financial information or operating data with respect to the Company, provided at least annually, of the type incorporated by reference under APPENDIX A—"PACIFICORP—AVAILABLE INFORMATION" of the Reoffering Circular dated May 28, 2003 with respect to the Bonds. The consolidated financial statements included in the Annual Financial Information shall be prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by the Financial Accounting Standards Board ("FASB"). Such consolidated financial statements may, but are not required to be, Audited Financial Statements.

(b) "*Audited Financial Statements*" means the Company's annual consolidated financial statements, prepared in accordance with GAAP as prescribed by FASB, which consolidated financial statements shall have been audited by an independent auditor or firm of independent auditors as shall be then retained by the Company.

(c) "*Material Event*" means any of the following events, if material, with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment-related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;*

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;*

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* Not applicable to the Bonds.

(v) substitution of credit or liquidity providers, or their failure to perform;*

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modifications to rights of Bondholders;

(viii) bond calls;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(d) "*Material Event Notice*" means written or electronic notice of a Material Event.

(e) "*NRMSIR*" means a nationally recognized municipal securities information repository, as recognized from time to time by the Securities and Exchange Commission by no-action letter for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Telephone: (609) 279-3225
Facsimile: (609) 279-5962
E-mail: Munis@Bloomberg.com
http://www.bloomberg.com/markets/muni_contactinfo.html

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Telephone: (201) 346-0701
Facsimile: (201) 947-0107
E-mail: nrmsir@dpcdata.com
http://www.dpcdata.com

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* Not applicable to the Bonds.

FT Interactive Data
100 William Street
New York, NY 10038
Attention: NRMSIR
Telephone: (212) 771-6999
Facsimile: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com
http://www.interactivedata.com

Standard & Poor's J.J. Kenny Repository
45th Floor
55 Water Street
New York, NY 10041
Telephone: (212) 438-4595
Facsimile: (212) 438-3975
E-mail: nrmsir_repository@sandp.com
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html

See http://www.sec.gov/consumer/nrmsir.htm for updated NRMSIR information.

(f) "*Outstanding*" means "Outstanding" as defined in Article I of the Indenture, but including Bonds otherwise excluded by clause (b) of such definition.

(g) "*SID*" means a state information depository as operated or designated by the State of Montana or the State of Wyoming and recognized by the Securities and Exchange Commission by no-action letter as such for the purposes referred to in the Rule. As of the date of this Agreement, there is not a SID in the State of Montana or the State of Wyoming.

Section 5. Unless otherwise required by law and subject to technical and economic feasibility, the Company shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Company's information.

Section 6.

(a) The continuing obligation hereunder of the Company to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once the Bonds no longer are Outstanding. This Agreement, or any provision hereof, shall be null and void in the event that the Company obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Agreement, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds, provided that the Company shall have provided notice of such delivery and the cancellation of this Agreement to each then existing NRMSIR or the MSRB and the SID, if any.

(b) This Agreement may be amended, without the consent of the Bondholders, but only upon the Company obtaining and providing an opinion of nationally recognized

bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Agreement and by the Company with the Rule, provided that the Company shall have provided notice of such delivery and of the amendment to each then existing NRMSIR or the MSRB and the SID, if any. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Company or type of business conducted;

(ii) This Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of Bondholders, as determined either by parties unaffiliated with the Company (such as nationally recognized bond counsel) or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

(c) The Company shall not transfer its obligations under this Agreement unless the transferee agrees to assume all obligations of the Company hereunder or to execute a continuing disclosure undertaking under the Rule.

Section 7. Any failure by the Company to perform in accordance with this Agreement shall not constitute an Event of Default with respect to the Bonds. If the Company fails to comply herewith, any Bondholder or beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Company to comply with its obligations hereunder.

Dated: June 2, 2003.

PACIFICORP

By _____
Name Bruce N. Williams
Title Treasurer

SCHEDULE I
TO CONTINUING DISCLOSURE AGREEMENT

Bond Issues	Issuers (each, an "Issuer")	Indentures	Trustees (each, a "Trustee")
$15,000,000 Sweetwater County, Wyoming Pollution Control Revenue Bonds (PacifiCorp Project) Series 1984	Sweetwater County, Wyoming	Indenture of Trust between Issuer and Trustee dated as of December 1, 1987, as supplemented by the First Supplemental Indenture of Trust between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Indenture of Trust between Issuer and Trustee dated as of June 1, 2003	Bank One Trust Company, NA (as successor to The Bank of New York, as successor to Irving Trust Company)
$8,500,000 City of Forsyth, Rosebud County, Montana Flexible Rate Demand Pollution Control Revenue Bonds (PacifiCorp Colstrip Project) Series 1986	City of Forsyth, Rosebud County, Montana	Trust Indenture between Issuer and Trustee dated as of December 1, 1986, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003	Bank One Trust Company, NA (formerly known as The First National Bank of Chicago)
$17,000,000 Converse County, Wyoming Customized Purchase Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1988	Converse County, Wyoming	Trust Indenture between Issuer and Trustee dated as of January 1, 1988, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003	Bank One Trust Company, NA (formerly known as The First National Bank of Chicago)

$45,000,000 Lincoln County, Wyoming Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991	Lincoln County, Wyoming	Trust Indenture between Issuer and Trustee dated as of January 1, 1991, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of January 1, 2000, the Second Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Third Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003	Bank One Trust Company, NA (formerly known as The First National Bank of Chicago)
$5,300,000 Converse County, Wyoming Environmental Improvement Revenue Bonds (PacifiCorp Project) Series 1995	Converse County, Wyoming	Trust Indenture between Issuer and Trustee dated as of November 1, 1995, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003	Bank One Trust Company, NA (formerly known as The First National Bank of Chicago)
$22,000,000 Lincoln County, Wyoming Environmental Improvement Revenue Bonds (PacifiCorp Project) Series 1995	Lincoln County, Wyoming	Trust Indenture between Issuer and Trustee dated as of November 1, 1995, as supplemented by the First Supplemental Trust Indenture between Issuer and Trustee dated as of December 1, 2002 and the Second Supplemental Trust Indenture between Issuer and Trustee dated as of June 1, 2003	Bank One Trust Company, NA (formerly known as The First National Bank of Chicago)

SECOND SUPPLEMENTAL LOAN AGREEMENT

BETWEEN

LINCOLN COUNTY, WYOMING

AND

PACIFICORP

Dated as of June 1, 2010

Relating to
$45,000,000
Lincoln County, Wyoming
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project)
Series 1991

Amending and Restating that certain Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between Lincoln County, Wyoming and PacifiCorp.

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This SECOND SUPPLEMENTAL LOAN AGREEMENT, dated as of June 1, 2010, is between LINCOLN COUNTY, WYOMING, a political subdivision duly organized and existing under the Constitution and laws of the State of Wyoming (the *"Issuer"*), and PACIFICORP (the *"Company"*), a corporation duly organized under the laws of the State of Oregon, and duly qualified to conduct business in the State of Wyoming.

RECITALS:

WHEREAS, the Issuer has previously issued its $45,000,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds (PacifiCorp Project), Series 1991 (the *"Bonds"*) pursuant to a Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Indenture"*), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the *"Trustee"*);

WHEREAS, in connection with the issuance of the Bonds, the Issuer and the Company entered into the Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Loan Agreement"*);

WHEREAS, the Company will adjust the Rate Period for the Bonds from a Term Interest Rate Period to a Weekly Interest Rate Period on June 1, 2010;

WHEREAS, the Bonds are not currently supported by a liquidity facility, and in connection with adjustment of the Rate Period, the Company desires to deliver to the Trustee on June 1, 2010, an irrevocable letter of credit issued by Wells Fargo Bank, National Association, to be dated the date of delivery thereof (the *"Letter of Credit"*), which Letter of Credit will provide funds for the payment of the principal of and interest on the Bonds and the purchase price of Bonds tendered for purchase as further provided therein;

WHEREAS, the Issuer and the Company deem it necessary and desirable to enter into this Second Supplemental Loan Agreement in order to amend and restate the Original Loan Agreement as provided herein to provide for such Letter of Credit in support of the Bonds and to make other amendments to the Original Loan Agreement;

WHEREAS, Section 9.04 of the Original Loan Agreement provides that the Original Loan Agreement may be amended by written agreement of the Issuer and the Company and as otherwise provided in the Indenture;

WHEREAS, Sections 12.05 and 12.06 of the Indenture provides that the Original Loan Agreement may, with the consent or approval of the Agent Bank and the Insurer and with or without the consent of the Owners of not less than a majority of the aggregate principal amount of the Bonds then outstanding, be amended to provide for the Letter of Credit;

WHEREAS, at this time there is no Agent Bank and no Insurer;

WHEREAS, Wells Fargo Bank, National Association, Remarketing Agent and Owner of all of the Bonds outstanding, has consented to the execution of this Second Supplemental Loan Agreement, which consent has been delivered to the Issuer and the Trustee;

WHEREAS, the Trustee has consented to this Second Supplemental Loan Agreement;

WHEREAS, there has been delivered to the Issuer and the Trustee the opinion of Bond Counsel required by Section 12.06 of the Indenture;

WHEREAS, the Trustee has provided written notice of this Second Supplemental Loan Agreement to Moody's, S&P, and the Owners of all outstanding Bonds, as required by Article XII of the Original Indenture; and

WHEREAS, the execution and delivery of this Second Supplemental Loan Agreement have been duly authorized by the governing body of the Issuer and all things necessary to make this Second Supplemental Loan Agreement a valid and binding agreement have been done;

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby and in consideration of the premises, do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions Contained in the Original Loan Agreement and the Indenture. The words and terms defined in the Original Loan Agreement and the Indenture shall for all purposes of this Second Supplemental Loan Agreement have the meanings specified in such Original Loan Agreement or in the Indenture, as applicable, when used herein, unless the context clearly requires otherwise.

Section 1.02. New Definitions. The following words and terms as used in this Second Supplemental Loan Agreement shall have the following meanings:

"Fourth Supplemental Indenture" means the Fourth Supplemental Trust Indenture, dated as of the date hereof, between the Issuer and the Trustee, amending and restating the Original Indenture.

"Indenture" means, collectively, the Original Indenture and the Fourth Supplemental Indenture.

"Loan Agreement" means, collectively, the Original Loan Agreement and this Second Supplemental Loan Agreement.

"Original Indenture" means the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between the Trustee and the Issuer.

"Original Loan Agreement" means that certain Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between the Issuer and the Company.

"Second Supplemental Loan Agreement" means this Second Supplemental Loan Agreement amending and restating the Original Loan Agreement.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., as successor Trustee under the Indenture, and any successor thereto.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the Issuer. The Issuer makes the following representations and warranties as the basis for the undertakings on the part of the Company contained herein:

(a) The Issuer is a body corporate and politic duly organized and existing under the Constitution and laws of the State;

(b) The Bonds are currently Outstanding in the aggregate principal amount of $45,000,000;

(c) The Issuer has the power under the Act to enter into this Second Supplemental Loan Agreement and the Fourth Supplemental Indenture and to perform and observe the agreements and covenants on its part contained herein and therein, and by proper action has duly authorized the execution and delivery of this Second Supplemental Loan Agreement and the Fourth Supplemental Indenture;

(d) To the knowledge of the Issuer, the execution and delivery of this Second Supplemental Loan Agreement and the Fourth Supplemental Indenture by the Issuer do not, and consummation of the transactions contemplated hereby and thereby and fulfillment of the terms hereof and thereof by the Issuer will not, result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is now a party or by which it is now bound, or any order, rule or regulation applicable to the Issuer of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction over the Issuer or over any of its properties, or any statute of any jurisdiction applicable to the Issuer;

(e) No consent, approval, authorization or other order of any regulatory body or administrative agency or other governmental body is legally required for the Issuer's execution and delivery of this Second Supplemental Loan Agreement or the Fourth Supplemental Indenture;

(f) The Original Loan Agreement has not been previously amended or supplemented and, as of the date hereof, is still in full force and effect;

(g) The Original Indenture has not previously been amended, supplemented or restated, except as supplemented and amended by the Fourth Supplemental Indenture, and the Indenture is still in full force and effect; and

(h) The Bank of New York Mellon Trust Company, N.A., is the current Trustee under the Indenture.

Section 2.02. Representations and Warranties of the Company. The Company makes the following representations and warranties as the basis for the undertakings on the part of the Issuer contained herein;

(a) The Company is a corporation duly organized and validly existing under the laws of the State of Oregon;

(b) The Company has the requisite power to enter into this Second Supplemental Loan Agreement and to perform and observe the agreements and covenants on its part contained herein and by proper action has duly authorized the execution and delivery of this Second Supplemental Loan Agreement;

(c) Neither the execution and delivery of this Second Supplemental Loan Agreement nor the fulfillment of or compliance with the terms and conditions of this Second Supplemental Loan Agreement will result in a breach of or constitute a default under any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Company is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company prohibited under the terms of any instrument;

(d) No event has occurred and is continuing under the provisions of either the Original Loan Agreement, or to the knowledge of the Company, under the provisions of the Indenture, which event now constitutes, or with the lapse of time or the giving of notice, or both, would constitute an Event of Default under either the Loan Agreement or the Indenture;

(e) Other than those consents, approvals or authorizations already obtained, no consent, approval, authorization or other order of any regulatory body or administrative agency or other governmental body is legally required for the Company's execution and delivery of this Second Supplemental Loan Agreement;

(f) The Original Loan Agreement has not been previously amended or supplemented and as of the date hereof is still in full force and effect;

(g) The Bonds are currently Outstanding in the aggregate principal amount of $45,000,000 and currently bear interest at a Weekly Interest Rate, and the delivery of the Letter of Credit is not being made in connection with or in contemplation of any future change in the method by which interest on the Bonds is determined; *provided, however*, that this representation shall not be construed as restricting such a change if, in the future, the Company determines to make such a change; and

ARTICLE III

AMENDMENT OF LOAN AGREEMENT

Section 3.01. Amendment and Restatement of the Original Loan Agreement. The Original Loan Agreement is hereby amended and restated to read as follows:

LOAN AGREEMENT
Amended and Restated as of June 1, 2010

between

LINCOLN COUNTY, WYOMING

and

PACIFICORP

Dated as of January 1, 1991

Relating To

$45,000,000
Pollution Control Revenue Refunding Bonds
(PacifiCorp Project)
Series 1991

The amounts payable to Lincoln County, Wyoming (the *"Issuer"*) and certain other rights of the Issuer under this Loan Agreement and in the first mortgage and collateral trust bonds delivered by PacifiCorp in accordance with Section 4.04 hereof (except for amounts payable to, and certain rights and privileges of, the Issuer under Section 4.06, Section 4.08, Section 4.10, Section 5.03, Section 5.06, Section 5.07, Section 5.08, Section 7.05 and Section 7.07 hereof and any rights of the Issuer to receive notices, certificates, requests, requisitions, directions and other communications hereunder) have been pledged and assigned to The Bank of New York Mellon Trust Company, N.A., as Trustee under the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2010 from the Issuer. For purposes of Article 9 of the Wyoming Uniform Commercial Code, the counterpart of this Loan Agreement pledged, delivered and assigned to the Trustee shall be deemed the original counterpart.

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This Table of Contents is not part of the Loan Agreement, and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Loan Agreement.

LOAN AGREEMENT

This LOAN AGREEMENT, dated as of January 1, 1991, as amended and restated as of June 1, 2010 (this *"Agreement"*), is between LINCOLN COUNTY, WYOMING (the *"Issuer"*), a political subdivision duly organized and existing under the Constitution and laws of the State of Wyoming, and PACIFICORP (the *"Company"*), a corporation duly organized under the laws of the State of Oregon, and duly qualified to conduct business in the State of Wyoming.

RECITALS:

A. The Issuer is authorized by the provisions of the Act to issue one or more series of its revenue bonds to finance all or part of the cost of projects consisting of Exempt Facilities located within the territorial limits of the Issuer.

B. The Act provides that revenue bonds issued thereunder shall be secured by a pledge of the revenues out of which such revenue bonds shall be payable, may be secured by a mortgage covering all or any part of the Project, by a pledge of the lease of the project and may be secured by any other security devices deemed advantageous, that do not contribute a general obligation of the Issuer.

C. The Issuer has previously issued the Prior Bonds on behalf of Utah Power & Light Company for the purpose of financing a portion of the costs of acquiring and improving the Project, and the Prior Bonds are currently outstanding in the aggregate principal amount of $45,000,000.

D. Subsequent to the issuance of the Prior Bonds, Utah Power & Light Company merged with PacifiCorp, an Oregon corporation, which has assumed the obligations and rights of Utah Power & Light Company with respect to the Project and the Prior Bonds.

E. The Issuer is authorized by the provisions of the Act to issue its revenue refunding bonds to refund the Prior Bonds.

F. By proper action of its governing body taken pursuant to and in accordance with the provisions of the Act, the Issuer has authorized and undertaken to issue its $45,000,000 Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991, in a total aggregate principal amount equal to the outstanding aggregate principal amount of the Prior Bonds, in order to provide for the refunding of the Prior Bonds.

G. The issuance of the Bonds to refund the Prior Bonds will provide financing on more advantageous terms for the cost of the Project financed by the Prior Bonds.

H. The Bonds shall be issued under and pursuant to the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2010, each between the Issuer and The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee (the *"Trustee"*), pursuant to which the Issuer shall pledge and assign to the Trustee certain rights of the Issuer hereunder.

I. Pursuant to this Agreement, the Issuer will loan the proceeds of the Bonds to the Company in order to accomplish the refunding of the Prior Bonds, and the Company agrees to make, or cause to be made, payments sufficient to pay when due (whether at stated maturity, by acceleration or otherwise) the principal of and premium, if any, and interest on the Bonds.

J. The Company agrees under this Agreement to pay, or cause to be paid, when due, the purchase price of Bonds presented to the Trustee for purchase pursuant to the terms of the Indenture.

K. The issuance, sale and delivery of the Bonds and the execution and delivery of this Agreement and the Indenture have been in all respects duly and validly authorized in accordance with the Act and the Bond Resolution.

L. The Bank will issue the Letter of Credit in favor of the Trustee, for the benefit of the Owners from time to time of the Bonds, in support of certain payment obligations under the Bonds.

M. Pursuant to the Reimbursement Agreement, the Company agrees to pay or cause the payment of certain amounts to the Bank, including amounts required to reimburse the Bank for drawings under the Letter of Credit.

N. The Company has issued and delivered the Company's First Mortgage Bonds to the Trustee to evidence and secure the payment of certain of its obligations hereunder.

In consideration of the respective representations and agreements contained in this Agreement, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

All words and terms used but not otherwise defined in this Agreement, including the recitals hereto, shall for all purposes of this Agreement have the meanings specified in Article I of the Indenture, unless the context clearly requires otherwise. In addition, the following words and terms shall have the following meaning when used in this Agreement:

"Indenture" means the Trust Indenture, dated as of January 1, 1991, as amended and restated by a Fourth Supplemental Trust Indenture, dated as of June 1, 2010, each between the Issuer and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee, relating to the issuance of the $45,000,000 Lincoln County, Wyoming, Pollution Control Revenue Refunding Bonds (PacifiCorp Project) Series 1991, as such Trust Indenture may be further supplemented and amended from time to time as therein permitted.

The words *"hereof," "hereunder"* and other words of similar import refer to this Agreement as a whole.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Section 2.01. Representations, Warranties and Agreements of Issuer. The Issuer represents, warrants and agrees that:

(a) The Issuer is a political subdivision of the State, duly organized and validly existing under the Constitution and laws of the State.

(b) Under the Act, the Issuer has the power to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder, including the issuance and sale of the Bonds. By proper action of its governing body, the Issuer has been duly authorized to execute and deliver this Agreement and the Indenture and to issue and sell the Bonds and has made all determinations and findings as and where required by Section 15-1-705 of the Act.

(c) The aggregate principal amount of the Bonds authorized to be issued under the Indenture for the purpose of refunding the Prior Bonds does not exceed the aggregate principal amount of the Prior Bonds now outstanding.

(d) The Prior Lease, the Prior Sublease and the Prior Indenture are each in full force and effect and have not been amended or supplemented.

(e) Under existing statutes and decisions, no taxes on income or profits are imposed on the Issuer.

(f) The proceeds of the sale of the Bonds (i) will be deposited with the Escrow Agent and used in accordance with the provisions of the Escrow Agreement to provide a portion of the moneys necessary for the Refunding. The Prior Bonds are now outstanding in the principal amount of $45,000,000.

(g) The Bonds are to be issued under and secured by the Indenture, pursuant to which certain of the Issuer's interest in this Agreement and the revenues derived by the Issuer pursuant to this Agreement will be pledged and assigned to the Trustee as security for payment of the principal of and premium, if any, and interest on the Bonds.

(h) Neither the execution and delivery of this Agreement or the Indenture, the issuance and sale of the Bonds, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Indenture or the Bonds conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(i) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement other than to secure the Bonds.

(j) The Project is located within the boundaries of the Issuer.

(k) To the knowledge of the Issuer, after due inquiry, no litigation is pending or threatened against the Issuer to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Indenture, this Agreement or the existence or powers of the Issuer or the right of the Issuer under the Act to refinance a portion of the costs of the Project through the issuance of the Bonds.

(l) To the knowledge of the Issuer, after due inquiry, no event has occurred and no condition exists which, upon the issuance of the Bonds, would constitute an event of default on the part of the Issuer under the Prior Indenture.

(m) The Issuer will not knowingly take or omit to take any action reasonably within its control the taking or omission of which would adversely affect the Tax-Exempt status of the Bonds. The Issuer will file or cause to be filed with the United States Department of Treasury the information required by Section 149(e) of the Code.

(n) A public hearing relating to the Refunding for the Project was held on January 8, 1991, following public notice thereof, pursuant to Section 147(f) of the Code, and following such public hearing, on January 9, 1991, the Board of County Commissioners of the Issuer, being the applicable elected representatives of the Issuer within the meaning of Section 147(f) of the Code, adopted a resolution approving the issuance of the Bonds and the plan of financing relating to the refinancing of the Project.

(o) None of the officers of the Issuer are in any manner interested, either directly or indirectly, in his or her own name or in the name of any other person or corporation, in this Agreement, the Indenture, the Bonds or the transactions contemplated thereby, within the meaning of Section 16-6-118, Wyoming Statutes (1977), as amended.

Concurrently with the initial authentication and delivery of the Bonds under the Indenture, the Issuer shall execute and deliver a certificate reaffirming the foregoing representations, warranties and agreements as of the date thereof.

Section 2.02. Representations, Warranties and Agreements of Company. The Company represents, warrants and agrees that:

(a) It is a corporation duly organized and validly existing under the laws of the State of Oregon, and is duly qualified as a foreign corporation in good standing in the State, is not in violation of any provision of its Second Restated Articles of Incorporation or its Bylaws, in each case as the same have been amended, has full corporate power to own its properties and conduct its business, has not received notice and has no reasonable grounds to believe that it is in violation of any laws in any manner material to its obligations under this Agreement, has the corporate power to enter into, and by proper

corporate action has duly authorized the execution and delivery of, this Agreement and the Tax Certificate, and has the power to issue and pledge the First Mortgage Bonds as contemplated herein, in the Company Mortgage and in the Pledge Agreement.

(b) Neither the execution and delivery of this Agreement or the Tax Certificate, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement (including, without limitation, the issuance and delivery of the First Mortgage Bonds and the execution and delivery of the Pledge Agreement) or the Tax Certificate conflicts with or will result in a breach of any of the terms, conditions or provisions of any law or judgment to which the Company or its property or assets are subject or of any corporate restriction contained in its Second Restated Articles of Incorporation or its Bylaws, in each case as the same have been amended, or any agreement or instrument to which the Company is now a party or by which it is bound, or constitutes, with or without the giving of notice or lapse of time or both, a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Company (other than any lien, charge or encumbrance which may be created in favor of the Trustee by the Company Mortgage and the Company Supplemental Indenture or in favor of the Bank (or Obligor on an Alternate Credit Facility, as the case may be) on any Bonds purchased by or pledged to the Bank (or an Obligor on an Alternate Credit Facility, as the case may be) or on the Company's right to receive certain moneys under the Indenture) under the terms of any instrument or agreement other than the Indenture.

(c) This Agreement has been duly and validly authorized, executed and delivered by the Company and is a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, usury or other similar laws affecting the rights of creditors generally, equitable principles relating to the availability of remedies and principles of public or governmental policy limiting the enforceability of the indemnification and contribution provisions.

(d) Other than the orders of the Idaho Public Utilities Commission, the Public Utilities Commission of California, the Public Utility Commission of Oregon, the Public Service Commission of Utah, and the Public Service Commission of Wyoming and the Washington Utilities and Transportation Commission, all of which orders will have been received and be in effect prior to the initial authentication and delivery of the Bonds, no consent, approval, authorization or order of, or registration with, any court or governmental or regulatory agency or body is required with respect to the Company for the execution, delivery and performance by the Company of this Agreement and the Tax Certificate.

(e) The Company has received an executed counterpart of the Indenture and hereby consents to and approves the provisions thereof.

(f) The information relating to the Project (other than estimates) furnished by the Company in writing to Chapman and Cutler LLP, as Bond Counsel, in connection with the issuance by the Issuer of the Bonds, is, to the best of the Company's knowledge, true and correct; and all estimates so furnished, and the assumptions upon which such estimates were based, are, in the judgment of the Company, reasonable and based upon the best information available to the Company.

(g) The Wyoming Department of Environmental Quality has certified that the "air or water pollution control facilities" constituting a part of the Project, as designed, are in furtherance of the purpose of abating or controlling atmospheric pollutants or contaminants and water pollution, as the case may be. Such certification is in full force and effect, and has not been modified or rescinded.

(h) The Prior Lease, the Prior Sublease and the Prior Indenture are in full force and effect and have not been amended or supplemented.

(i) To the knowledge of the Company, no event has occurred and is continuing under the provisions of the Prior Indenture that now constitutes, or with the lapse of time or the giving of notice, or both, would constitute, an event of default under the Prior Indenture.

(j) Upon the initial authorization and delivery of the Bonds, the Company has given the Prior Trustee and the Issuer notice pursuant to the provisions of the Prior Agreement of the Company's intent to prepay the amounts payable thereunder to provide for the redemption of the Prior Bonds on the Redemption Date.

(k) The aggregate principal amount of Bonds authorized to be issued under the Indenture does not exceed the aggregate principal amount of the Prior Bonds now Outstanding.

(l) The Company does not, as of the date of issue of the Bonds, reasonably expect any use of moneys derived from the proceeds of the Bonds or any investment or reinvestment thereof or from the sale of the Project which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

(m) All of the proceeds of the Prior Bonds, including the investment earnings thereon, have been disbursed in accordance with the provisions of the Prior Indenture, the Prior Lease and the Prior Sublease, and there are no proceeds of the Prior Bonds, or investment earnings therefrom, being held by the Prior Trustee under the Prior Indenture.

(n) The Pollution Control Facilities that comprise the Project constitute Exempt Facilities and consist of those facilities described in *Exhibit A* hereto (as such *Exhibit A* is from time to time amended or supplemented in accordance with Section 3.04 hereof), and the Company shall not consent to any changes in the Project which would adversely affect the qualification of such Project as a "project" under the Act or adversely affect the Tax-Exempt status of the Bonds.

(o) Substantially all of the proceeds of the Prior Bonds have been expended for the purpose of acquiring, constructing and improving the Project, which constitutes Exempt Facilities. None of the proceeds of the Prior Bonds were used (i) to acquire land (or an interest therein) or (ii) to acquire any property (or an interest therein) unless the first use of such property was pursuant to such acquisition, all within the meaning of Section 147 of the Code.

(p) The average maturity of the Bonds does not exceed 120% of the weighted average of the reasonably expected remaining economic life of the Project.

(q) All of the Prior Bonds will be redeemed within 90 days of the date of the initial authentication and delivery of the Bonds, and all of the proceeds of the sale of the Bonds will be spent within 90 days of the initial authentication and delivery of the Bonds.

(r) The Project is (i) designed to meet applicable federal, state and local requirements for the control of pollution, or the disposal of solid waste, (ii) to be used solely for purposes contemplated by the Act, and (iii) located within the boundaries of the Issuer.

(s) The representations, warranties and covenants of the Company set forth in the Project Certificate are incorporated herein by reference and are hereby made a part of this Loan Agreement as if set forth herein.

(t) The Company will cooperate with the Issuer in filing or causing to be filed with the United States Department of Treasury the information required by Section 149(e) of the Code.

(u) Pursuant to the Agreement and Plan of Reorganization and Merger dated as of August 12, 1987, as amended, and by operation of law, the Company is the successor corporation to Utah Power & Light Company and has assumed the obligations and rights of Utah Power & Light Company under the Prior Agreement.

Concurrently with the initial authentication and delivery of the Bonds under the Indenture, the Company shall execute and deliver a certificate reaffirming the foregoing representations, warranties and agreements as of the date thereof.

ARTICLE III

ISSUANCE OF THE BONDS; THE LOAN; DISPOSITION OF PROCEEDS OF THE BONDS; THE PROJECT

Section 3.01. Issuance of Bonds. In order to refinance the Project by effecting the Refunding, the Issuer shall issue the Bonds under and in accordance with the Act and pursuant to the Indenture. The Company hereby approves the issuance of the Bonds and all terms and conditions thereof.

Section 3.02. Issuance of Other Obligations. The Issuer and the Company expressly reserve the right to enter into, to the extent permitted by law, an agreement or agreements other than this Agreement with respect to the issuance by the Issuer, under an indenture or indentures other than the Indenture, of obligations to provide additional funds to pay costs of facilities in addition to the Pollution Control Facilities or to provide for the refunding of all or any principal amount of the Bonds. Such obligations will not be entitled to the benefits of the Indenture, the Insurance Policy, Letter of Credit or any Alternate Credit Facility.

Section 3.03. The Loan; Disposition of Bond Proceeds. (a) The Issuer shall lend to the Company the proceeds of the issuance and sale of the Bonds for the purposes specified in Section 3.01 of this Agreement. The Issuer and the Company shall, simultaneously with the delivery of the Bonds, cause such proceeds, other than accrued interest, if any, to be paid to the Escrow Agent for deposit into the Escrow Account to be used to pay the principal amount of the Prior Bonds upon their redemption on the Redemption Date. Because such Bond proceeds will not be sufficient to provide for the payment of the premium, if any, and accrued interest on the Prior Bonds upon the redemption thereof, the Company shall, on or before the Business Day prior to the Redemption Date, at its own expense and without any right of reimbursement in respect thereof, pay to the Escrow Agent for deposit into the Escrow Account, all additional amounts necessary to effect the redemption of such Prior Bonds on the Redemption Date.

The Company shall promptly pay all Costs when due from moneys other than the proceeds of the sale of the Bonds or moneys drawn under the Letter of Credit or an Alternate Credit Facility, as the case may be.

(b) The Issuer shall establish the Bond Fund with the Trustee in accordance with Section 6.01 of the Indenture. The proceeds of the issuance and sale of the Bonds constituting accrued interest, if any, shall be deposited into the Bond Fund.

Section 3.04. Project Changes. The Company may supplement or amend the Plans and Specifications relating to the Project as duly certified by an Authorized Company Representative (including additions thereto or omissions therefrom), *provided* that no such supplement or amendment shall change the description of such Project set forth in *Exhibit A* to this Loan Agreement or change the function of any principal component of such Project described in *Exhibit A* to this Loan Agreement, unless, in either case, the Trustee and the Issuer receive an opinion of Bond Counsel to the effect that, after giving effect to such change, the Project will constitute a "project" under the Act and that such change will not adversely affect the Tax-Exempt status of the Bonds. In the event of a supplement or amendment affecting the description of the Project or the function of any principal component of the Project, the Company and the Issuer shall amend *Exhibit A* to this Loan Agreement to reflect such supplement or amendment, which supplement or amendment shall not be considered as an amendment to this Agreement requiring the consent of any Owner, the Trustee or the Insurer for the purposes of Article XII of the Indenture. The Company may identify any proprietary information in the Plans and Specifications, and the Issuer agrees, to the extent permitted by law, to keep such information confidential. The Issuer agrees to provide the Company, to the extent permitted by law, with at least ten (10) days' notice prior to the disclosure of any information identified by the Company as proprietary.

ARTICLE IV

LOAN PAYMENTS; PAYMENTS TO REMARKETING AGENT AND TRUSTEE; LETTER OF CREDIT AND ALTERNATE CREDIT FACILITIES; FIRST MORTGAGE BONDS AND SUBSTITUTE COLLATERAL; OTHER OBLIGATIONS

Section 4.01. Loan Payments. (a) As and for repayment of the loan made to the Company by the Issuer pursuant to Section 3.03 hereof, the Company shall pay to the Trustee for the account of the Issuer an amount equal to the aggregate principal amount of and the premium, if any, on the Bonds from time to time Outstanding and, as interest on its obligation to pay such amount, an amount equal to interest on the Bonds, such amounts to be paid in installments due on the dates, in the amounts and in the manner provided in the Indenture for the payment of the principal of and premium, if any, and interest on the Bonds, whether at maturity, upon redemption, acceleration or otherwise*; provided, however,* that the obligation of the Company to make any such payment hereunder shall be reduced by the amount of any reduction under the Indenture of the amount of the corresponding payment required to be made by the Issuer thereunder; and *provided further* that the obligation of the Company to make any payment hereunder shall be deemed to be satisfied and discharged to the extent of the corresponding payment made (i) by the Bank to the Trustee under the Letter of Credit, (ii) by the Obligor on an Alternate Credit Facility to the Trustee under such Alternate Credit Facility or (iii) by the Company of principal of or premium, if any, or interest on the First Mortgage Bonds.

(b) In the event the Company shall fail to make any payment required by Section 4.01(a) hereof with respect to the principal of and premium, if any, and interest on any Bond, the payment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company will pay interest on any overdue amount with respect to principal of such Bond and, to the extent permitted by law, on any overdue amount with respect to premium, if any, and interest on such Bond, at the interest rate borne by such Bond until paid.

Section 4.02. Payments of Purchase Price. (a) The Company shall pay or cause to be paid for its account to the Trustee amounts equal to the amounts to be paid by the Trustee as the purchase price for such Bonds pursuant to Section 3.01 and Section 3.02 of the Indenture in respect of Outstanding Bonds, such amounts to be paid to the Trustee on the dates such payments are to be made pursuant to Section 3.01 and Section 3.02 of the Indenture; *provided, however,* that the obligation of the Company to make any such payment hereunder shall be reduced by the amount of any moneys held by the Trustee under the Indenture and available for such payment.

(b) From the date of delivery of the Letter of Credit to and including the Interest Payment Date next preceding the Expiration of the Term of the Letter of Credit (or the Expiration of the Term of an Alternate Credit Facility, as the case may be), the Company shall provide for the payment of the amounts to be paid by the Trustee pursuant to Section 3.01 and Section 3.02 of the Indenture by the delivery of the Letter of Credit or an Alternate Credit Facility, as the case may be, to the Trustee. The Company hereby irrevocably authorizes and directs the Trustee to draw moneys under the Letter of Credit in accordance with the provisions of the Indenture and the Letter of Credit or an Alternate Credit Facility to obtain the moneys

necessary to pay the purchase price for Bonds payable under Section 3.01 and Section 3.02 of the Indenture if and when due.

Section 4.03. Letter of Credit; Alternate Credit Facility; Substitute Letter of Credit. (a) The Company may, at any time, at its option:

(i) provide for the delivery on any Business Day to the Trustee of an Alternate Credit Facility or a Substitute Letter of Credit, but only provided that:

(A) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (I) states (x) the effective date of the Alternate Credit Facility or Substitute Letter of Credit to be so provided, and (y) the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Expiration shall not be prior to the effective date of the Alternate Credit Facility to be so provided), (II) describes the terms of the Alternate Credit Facility or Substitute Letter of Credit, (III) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be replaced (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with Section 3.02 of the Indenture, and (IV) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be replaced, to the obligor thereon on the next Business Day after the later of the effective date of the Alternate Credit Facility or the Substitute Letter of Credit to be provided and the Expiration of the Term of the Letter of Credit or Expiration of the Term of the Alternate Credit Facility which is to be replaced and thereupon to deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (B) below has been satisfied);

(B) on the date of delivery of the Alternate Credit Facility or the Substitute Letter of Credit (which shall be the effective date thereof), the Company shall furnish to the Trustee simultaneously with such delivery of the Alternate Credit Facility or Substitute Letter of Credit (which delivery must occur prior to 9:30 a.m., New York time, on such date, unless a later time on such date shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the delivery of such Alternate Credit Facility or Substitute Letter of Credit (I) complies with the terms hereof and (II) will not adversely affect the Tax Exempt status of the Bonds; and

(C) in the case of the delivery of a Substitute Letter of Credit, the Company has received the written consent of the Bank or the Obligor on an Alternate Credit Facility; or

(ii) provide for the termination on any Business Day of the Letter of Credit or any Alternate Credit Facility then in effect, but only provided that:

(A) the Company shall deliver to the Trustee, the Remarketing Agent and the Bank (or the Obligor on the Alternate Credit Facility, as the case may be), a notice which (I) states the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated, (II) directs the Trustee to give notice of the mandatory purchase of the Bonds on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated (which Business Day shall be not less than 30 days from the date of receipt by the Trustee of the notice from the Company specified above), in accordance with Section 3.02 of the Indenture, and (III) directs the Trustee, after taking such actions as are required to be taken to provide moneys due under the Indenture in respect of the Bonds or the purchase thereof, to surrender the Letter of Credit or Alternate Credit Facility, as the case may be, which is to be terminated, to the obligor thereon on the next Business Day after the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility which is to be terminated and to thereupon deliver any and all instruments which may be reasonably requested by such obligor and furnished to the Trustee (but such surrender shall occur only if the requirement of (B) below has been satisfied); and

(B) on the Business Day next preceding the Expiration of the Term of the Letter of Credit or the Expiration of the Term of the Alternate Credit Facility, which is to be terminated, the Company shall furnish to the Trustee (prior to 9:30 a.m., New York time, on such Business Day, unless a later time on such Business Day shall be acceptable to the Trustee) an opinion of Bond Counsel stating that the termination of such Alternate Credit Facility or Letter of Credit (I) complies with the terms hereof and (II) will not adversely affect the Tax Exempt status of the Bonds.

(b) The Company may, at its election, but only with the written consent of the Bank or the Obligor on an Alternate Credit Facility, as the case may be, provide for one or more extensions of the Letter of Credit or Alternate Credit Facility then in effect, as the case may be, for any period commencing after its then-current expiration date.

Section 4.04. Issuance, Delivery and Surrender of First Mortgage Bonds and Substitute Collateral. (a) The obligation of the Company pursuant to Section 4.01 hereof to repay the loan made to it by the Issuer pursuant to Section 3.03 hereof may be secured by the First Mortgage Bonds or, subject to Section 4.04(f) hereof, by Substitute Collateral.

(b) The First Mortgage Bonds and any Substitute Collateral shall (i) mature on the same date and in the same principal amount as the Bonds, (ii) bear interest at the same rate and be payable at the same times as the Bonds, (iii) contain redemption provisions correlative to the provisions of Section 4.02 and Section 4.03 of the Indenture, and (iv) subject to the provisions of Section 4.04(c) hereof, require payments of the principal thereof and premium, if any, and interest thereon to be made to the Trustee for the account of the Issuer. Concurrently with the initial authentication and delivery by the Issuer of the Bonds, the First Mortgage Bonds shall be delivered to and registered in the name of the Trustee (or, subject to Section 5.11 of the Indenture, the Trustee's nominee) for the account of the Issuer and the benefit of the Owners from time to time of the Bonds and shall be held, voted, transferred and surrendered by the Trustee subject to and in accordance with the respective provisions of this Agreement, the Indenture and the Pledge Agreement. Any moneys received by the Trustee with respect to the First Mortgage Bonds shall be used to make the corresponding payment then due of principal of and premium, if any, or interest on the Bonds in accordance with the terms of the Bonds and the Indenture. Any proceeds of the First Mortgage Bonds in excess of the amounts necessary to pay in full the principal of and premium, if any, or interest on the Bonds shall be remitted to the Company.

(c) The Company shall receive a credit against its obligations to make any payment of principal of and premium, if any, or interest on the First Mortgage Bonds described in Section 4.04(b) hereof (whether at maturity, upon redemption or otherwise), and such obligations shall be fully or partially, as the case may be, satisfied and discharged, in an amount equal to the amount, if any, paid by the Company under Section 4.01 hereof, or otherwise satisfied or discharged, in respect of the principal of and premium, if any, or interest on the Bonds; *provided, however*, that the Company shall receive no such credit for any payment with respect to any Bond made by the Insurer. The obligations of the Company to make such payment of principal of and premium, if any, or interest on the First Mortgage Bonds shall be deemed to have been reduced by the amount of such credit.

(d) In view of the pledge and assignment of the First Mortgage Bonds in accordance with Section 4.05 hereof, the Issuer agrees that, if the Company's obligation under Section 4.01 hereof to repay the loan made to it pursuant to Section 3.03 hereof is secured by the First Mortgage Bonds, (i) the First Mortgage Bonds shall be issued and delivered to, registered in the name of and held by the Trustee (or, subject to Section 5.11 of the Indenture, the Trustee's nominee) for the benefit of the Owners from time to time of the Bonds, and the Company shall make all payments of principal of and premium, if any, and interest on the First Mortgage Bonds to the Trustee as the registered owner thereof; (ii) the Indenture shall provide that the Trustee shall not sell, assign or transfer the First Mortgage Bonds except to a successor trustee under the Indenture and shall surrender First Mortgage Bonds to the Company Mortgage Trustee in accordance with the provisions of Section 4.04(e) and Section 4.04(f) hereof; and (iii) the Company may take such actions as it shall deem to be desirable to effect compliance with such

restrictions on transfer, including the placing of an appropriate legend on each First Mortgage Bond and the issuance of stop-transfer instructions to the Company Mortgage Trustee or any other transfer agent under the Company Mortgage.

(e) At the time any Bonds cease to be Outstanding (other than by reason of the payment of First Mortgage Bonds or by reason of the payment of principal of or interest on the Bonds by the Insurer, and other than those Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered), the Issuer shall cause the Trustee to surrender to the Company Mortgage Trustee a corresponding principal amount of First Mortgage Bonds bearing interest at the same rate and maturing on the same date as such Bonds.

(f) On any Business Day the Company may provide for the release of its First Mortgage Bonds by delivering Substitute Collateral to the Trustee to secure the obligation of the Company to repay the loan made to it pursuant to Section 3.03 hereof, but only if the Company shall, on the date of delivery of such Substitute Collateral, simultaneously deliver to the Trustee:

(i) an opinion of Bond Counsel stating that delivery of such Substitute Collateral and release of the First Mortgage Bonds (1) complies with the terms hereof and (2) will not adversely affect the Tax-Exempt status of the Bonds;

(ii) written evidence from the Insurer and the Bank or Obligor on an Alternate Credit Facility, as the case may be, to the effect that they reviewed the proposed Substitute Collateral and find the same to be acceptable; and

(iii) written evidence from Moody's, if the Bonds are then rated by Moody's, and from S&P, if the Bonds are then rated by S&P, in each case to the effect that such rating agency has reviewed the Substitute Collateral and that the release of the First Mortgage Bonds and the substitution of the Substitute Collateral for the First Mortgage Bonds will not, by itself, result in a reduction, suspension or withdrawal of such rating agency's rating or ratings of the Bonds.

The Indenture shall provide that, to the extent that Substitute Collateral is delivered to the Trustee in compliance with this Section 4.04(f), the Trustee shall surrender to the Company Mortgage Trustee a corresponding principal amount of First Mortgage Bonds.

(g) On any day on which the Bonds are subject to mandatory purchase pursuant to Section 3.02 of the Indenture, the Company may provide for the release of its First Mortgage Bonds, *provided* that the Company delivers:

(i) to the Trustee and the Remarketing Agent, in conjunction with the notice required by Section 2.02(b)(ii), Section 2.02(c)(ii), Section 2.02(d)(ii), or Section 2.02(e)(ii) of the Indenture or Section 4.03 hereof, a notice which (A) states the effective date of the release of the First Mortgage Bonds, which date shall be the date on which the Bonds are subject to mandatory purchase, and (B) directs the Trustee to give notice, in conjunction with the notice required by Section 2.02(b)(iii), Section 2.02(c)(iii), Section 2.02(d)(iii), Section 2.02(e)(iii), or Section 3.02(c) of the Indenture, of the release of the

First Mortgage Bonds and the mandatory purchase of the Bonds, in whole, on the effective date of the release of the First Mortgage Bonds; and

(ii) to the Trustee, on or before the effective date of the release of the First Mortgage Bonds, an opinion of Bond Counsel stating, in effect, that the release of the First Mortgage Bonds (A) is authorized under this Agreement, and (B) will not cause the interest on the Bonds to become includible in the gross income of the Owners thereof for federal income tax purposes.

Section 4.05. Payments Assigned; Obligation Absolute. It is understood and agreed that all Loan Payments and all payments to be made by the Company on the First Mortgage Bonds are, by the Indenture and the Pledge Agreement, pledged and assigned by the Issuer to the Trustee, and that all rights and interests of the Issuer hereunder (except for the rights of the Issuer under Section 4.06, Section 4.08, Section 4.10, Section 5.03, Section 5.06, Section 5.07, Section 5.08, Section 7.05 and Section 7.07 hereof and any rights of the Issuer to receive notices, certificates, requests, requisitions, directions and other communications hereunder), including the right to delivery of the First Mortgage Bonds, are pledged and assigned to the Trustee pursuant to the Indenture and the Pledge Agreement. The Company assents to such pledge and assignment and agrees that the obligation of the Company to make the Loan Payments and payments to the Trustee under Section 4.02 hereof and to make the payments on the First Mortgage Bonds shall be absolute, irrevocable and unconditional and shall not be subject to cancellation, termination or abatement, or to any defense other than payment, or to any right of setoff, counterclaim or recoupment arising out of any breach under this Agreement or the Indenture or otherwise by the Company, the Trustee, the Remarketing Agent, the Insurer, the Bank (or the Obligor on an Alternate Liquidity Facility, as the case may be) or any other party, or out of any obligation or liability at any time owing to the Company by the Issuer, the Trustee, the Remarketing Agent, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) or any other party, or out of any failure or inability of the Trustee for any reason to realize under or upon the Letter of Credit or an Alternate Credit Facility provided by the Company under Section 4.03 hereof, and, further, that the Loan Payments and the other payments due hereunder and on the First Mortgage Bonds shall continue to be payable at the times and in the amounts herein and therein specified whether or not the Project, or any portion thereof, shall have been destroyed by fire or other casualty, or title thereto, or the use thereof, shall have been taken by the exercise of the power of eminent domain, and that there shall be no abatement of or diminution in any such payments by reason thereof, whether or not the Project shall be used or useful and whether or not any applicable laws, regulations or standards shall prevent or prohibit the use of the Project or for any other reason.

Section 4.06. Payment of Expenses. The Company shall pay all of the Administration Expenses of the Issuer, the Trustee, the Paying Agent, the Registrar, Moody's and S&P under the Indenture and of the Remarketing Agent under the Remarketing Agreement directly to each such entity. The Company shall also pay all of the expenses of the Prior Trustee in connection with the Refunding and all other reasonable fees and expenses incurred in connection with the issuance of the Bonds, including, but not limited to, all costs associated with any discontinuance of the book-entry system described in Section 2.10 of the Indenture.

Section 4.07. Indemnification. The Company releases the Trustee and the Registrar and their respective officers, agents, servants and employees from, agrees that the Trustee and the Registrar and their respective officers, agents, servants and employees shall not be liable for, and agrees to indemnify and hold free and harmless the Trustee and the Registrar and their respective officers, agents, servants and employees from and against, any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project, except in any case as a result of the negligence or willful misconduct of the Trustee and the Registrar and their respective officers, agents, servants and employees.

The Company will indemnify and hold free and harmless the Trustee and the Registrar and their respective officers, agents, servants and employees from and against any loss, claim, damage, tax, penalty, liability, disbursement, litigation or other expenses, attorneys' fees and expenses or court costs arising out of, or in any way relating to, the execution or performance of this Agreement, the Tax Certificate, the issuance or sale of the Bonds, the Refunding, acceptance or administration of the trust under the Indenture or any other cause whatsoever pertaining to this Agreement, the Tax Certificate, the Indenture or the Insurance Policy, if any, except in any case as a result of the negligence or willful misconduct of the Trustee and the Registrar or their respective officers, agents, servants and employees.

Section 4.08. Payment of Taxes and Charges in Lieu Thereof. (a) The Company covenants and agrees that it will, from time to time, promptly pay and discharge or cause to be paid and discharged when due its share of all taxes, assessments and other governmental charges lawfully imposed upon the Project or any part thereof or upon income and profits thereof or any payments hereunder or on the First Mortgage Bonds, including, but not limited to, any taxes (or charges in lieu of taxes) pursuant to Section 15-1-708(b) of the Act. The method of negotiation of charges in lieu of taxes pursuant to Section 15-1-708(b) of the Act will be to treat the Project as the property of the Company to be placed on the tax rolls and taxed accordingly.

(b) The Company shall pay or cause to be satisfied and discharged or make adequate provision to satisfy and discharge (including the provisions of adequate bonding therefor) within 60 days after the same shall accrue, any lien or charge upon the Loan Payments or payments under Section 4.02 hereof or amounts payable on the First Mortgage Bonds, and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien thereon*; provided* that the Company may, at its expense and in its own name and behalf or in the name and behalf of the Issuer, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; *provided further* that during such period enforcement of such contested item is effectively stayed, unless by nonpayment of any such items the lien of the Indenture as to the amounts payable hereunder or on the First Mortgage Bonds will be materially endangered, in which event the Company shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Issuer will cooperate fully with the Company in any such contest. In the event that the Company shall fail to pay any of the foregoing items required by this Section to be paid by the Company, the Issuer or the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Issuer or Trustee shall become an additional obligation of the Company to the party making the advance. The Company agrees to repay the

amounts so advanced, from the date thereof, together (to the extent permitted by law) with interest thereon until paid at a rate per annum which is one percentage point greater than the highest rate per annum borne by any of the Bonds.

Section 4.09. Compliance with Prior Sublease. The Company hereby confirms its obligations under the Prior Sublease to furnish any moneys required to be deposited with the Prior Trustee under the Prior Indenture in order to redeem the Prior Bonds on the Redemption Date, to the extent that the proceeds of the Bonds on deposit under the Escrow Agreement, together with any investment earnings thereon, is less than the amount required to pay the principal of and applicable redemption premium and interest on such Prior Bonds upon their redemption on the Redemption Date, in accordance with the terms and conditions of the Prior Indenture.

Section 4.10. Issuance Fee. The Company shall pay the Issuer the issuance fee described in the Tax Certificate.

ARTICLE V

SPECIAL COVENANTS

Section 5.01. Maintenance of Existence; Conditions Under Which Exceptions Permitted. The Company shall maintain in good standing its corporate existence as a corporation organized under the laws of one of the states of the United States or the District of Columbia and will remain duly qualified to do business in the State, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation*; provided, however,* that the Company may, without violating the foregoing, undertake from time to time any one or more of the following, if, prior to the effective date thereof, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that the contemplated action will not adversely affect the Tax-Exempt status of the Bonds:

(a) consolidate with or merge into another domestic corporation (*i.e.*, a corporation incorporated and existing under the laws of one of the states of the United States or of the District of Columbia) or sell or otherwise transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, *provided* the resulting, surviving or transferee corporation, as the case may be, shall be (i) the Company or (ii) a corporation, qualified to do business in the State as a foreign corporation or incorporated and existing under the laws of the State, which, as a result of the transaction, shall have assumed (either by operation of law or in writing) all of the obligations of the Company hereunder, under the Reimbursement Agreement and under the First Mortgage Bonds; or

(b) convey all or substantially all of its assets to one or more wholly-owned subsidiaries of the Company so long as the Company shall remain in existence and primarily liable on all of its obligations hereunder and the subsidiary or subsidiaries to which such assets shall be so conveyed shall guarantee in writing the performance of all

of the Company's obligations hereunder, under the Reimbursement Agreement and under the First Mortgage Bonds.

Section 5.02. Permits or Licenses. In the event that it may be necessary for the proper performance of this Agreement on the part of the Company or the Issuer that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Company or the Issuer, the Company and the Issuer each shall, upon the request of either, execute such application or applications.

Section 5.03. Arbitrage Covenant. (a) The Company covenants for the benefit of the Owners of the Bonds and the Issuer that the proceeds of the Bonds, the earnings thereon and any other moneys on deposit in any fund or account maintained in respect of the Bonds, whether held under the Indenture or otherwise (whether such moneys were derived from the proceeds of the sale of the Bonds or from other sources), will not be used in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and further covenants to provide the Issuer with all necessary representations as to facts, estimates, expectations and circumstances to enable the Issuer to comply with Section 5.07 of the Indenture.

(b) The Company covenants to comply with the provisions of Section 148 of the Code and the related United States Treasury Regulations, including temporary and proposed regulations, during the term of the Bonds, including, but not limited to, the provisions for rebate of certain earnings to the United States to the extent the same apply to the Bonds, in accordance with the Tax Certificate.

(c) Subject to Article VII of the Indenture, in the event that moneys provided by the Company to pay principal of or premium, if any, or interest on the Bonds (*"Company Payments"*) are deposited pursuant to the Indenture into the Bond Fund, the Letter of Credit Fund or any other sinking fund with respect to the Bonds (the *"Funds"*) prior to the second day next preceding the Bond Payment Date with respect to which such deposit is made, the Company will cause such Company Payments to be invested in accordance with the terms and conditions of the Tax Certificate.

Section 5.04. Financing Statements. The Company shall, to the extent required by law, file and record, refile and re-record, or cause to be filed and recorded, refiled and re-recorded, all documents or notices, including the financing statements and continuation statements, referred to in Section 5.04 and Section 5.05 of the Indenture. The Issuer shall cooperate fully with the Company in taking any such action. Concurrently with the execution and delivery of the Bonds, the Company shall cause to be delivered to the Trustee the opinion of counsel required pursuant to Section 5.05(a) of the Indenture.

Section 5.05. Covenants With Respect to Tax-Exempt Status of the Bonds. The Company covenants that it (a) has not taken, and will not take or permit to be taken on its behalf, any action which would adversely affect the Tax-Exempt status of the Bonds and (b) will take, or require to be taken, such actions as may, from time to time, be required under applicable law or regulation to continue to cause the Bonds to be Tax-Exempt.

Section 5.06. Indemnification of Issuer; Reimbursement. (a) The Company agrees that the Issuer, its elected or appointed officials, officers, agents, special legal counsel, servants and employees (each, an *"Indemnified Person"*), shall not be liable for, and agrees that it will at all times defend, indemnify and hold free and harmless each Indemnified Person from and against, and pay all expenses of the Indemnified Person relating to, (a) any lawsuit, proceeding or claim arising in connection with the Project or this Agreement that results from any action taken by or on behalf of an Indemnified Person pursuant to or in accordance with this Agreement or the Indenture or any related document that may be occasioned by any cause whatsoever, except the gross negligence or willful misconduct of the Indemnified Person, or (b) any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project, except the negligence or willful misconduct of an Indemnified Person. In case any action shall be brought against an Indemnified Person in respect of which indemnity may be sought against the Company, the Indemnified Person shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Person and the payment of all expenses. Failure by the Indemnified Person to notify the Company shall not relieve the Company from any liability which it may have to an Indemnified Person otherwise than under this Section 5.06. The Indemnified Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Person unless the employment of such counsel has been authorized by the Company. The Company shall not be liable for any settlement of any such action without its consent, but if any such action is settled with the consent of the Company or if there be final judgment for the plaintiff in any such action, the Company agrees to indemnify and hold free and harmless the Indemnified Person from and against any loss or liability by reason of such settlement or judgment. The Company will reimburse the Indemnified Person for any action taken pursuant to Section 5.02 of the Indenture.

(b) The obligations of the Company under this Section 5.06 shall survive the termination of this Agreement.

(c) It is the intention of the parties that the Issuer shall not incur any pecuniary liability by reason of the terms of this Agreement, the Indenture or the bond purchase agreement between the Issuer and the purchaser of the Bonds, or the undertakings required of the Issuer hereunder or thereunder or by reason of the issuance of the Bonds, the execution of the Indenture or the performance of any act required of the Issuer by this Agreement, the Indenture or the bond purchase agreement between the Issuer and the original purchasers of the Bonds or requested of the Issuer by the Company.

Section 5.07. Records of Company; Maintenance and Operation of the Project. (a) The Trustee and the Issuer shall be permitted at all reasonable times during the term of this Agreement to examine the books and records of the Company with respect to the Project; *provided, however,* that information and data contained in the books and records of the Company shall be considered proprietary and shall not be voluntarily disclosed by the Trustee or the Issuer except as required by law.

(b) The Company shall maintain the Project in good repair and keep the same insured in accordance with standard industry practice and shall pay all costs thereof. The Company shall pay or cause to be paid all taxes, special assessments and governmental, utility and other charges with respect to the Project. Compliance by the Company with the Company Mortgage, as now or hereafter in force, shall be deemed sufficient compliance with this Section.

(c) The Company may at its own expense cause the Pollution Control Facilities to be remodeled or cause such substitutions, modifications and improvements to be made to the Pollution Control Facilities from time to time as the Company, in its discretion, may deem to be desirable for its uses and purposes, which remodeling, substitutions, modifications and improvements shall be included under the terms of this Agreement as part of the Pollution Control Facilities; *provided, however*, that the Company shall not exercise any such right, power, election or option if the proposed remodeling, substitution, modification or improvement would adversely affect the Tax-Exempt status of the Bonds.

(d) The Company shall cause insurance to be taken out and continuously maintained in effect with respect to the Pollution Control Facilities in accordance with standard industry practice. All proceeds of such insurance shall be for the account of the Company.

(e) The Company shall be entitled to the proceeds of any condemnation award or portion thereof made for damage to or taking of any of the Pollution Control Facilities or other property of the Company, to the extent of the interest of the Company in the Pollution Control Facilities or such other property, as the case may be.

(f) Anything in this Agreement to the contrary notwithstanding, the Company shall have the right at any time to cause the operation of the Pollution Control Facilities to be terminated if the Company shall have determined that the continued operation of the Project or such Pollution Control Facilities is uneconomical for any reason.

Section 5.08. Right of Access to the Project. The Company agrees that the Issuer, the Trustee and their respective duly authorized agents shall have the right, subject to such limitations, restrictions and requirements as the Company may reasonably prescribe for plant security and safety reasons and in order to preserve secret processes and formulae, at all reasonable times to enter upon and to examine and inspect the Pollution Control Facilities; *provided, however,* nothing contained herein shall entitle the Issuer or the Trustee to any information or inspection involving confidential material of the Company. Information and data contained in the books and records of the Company shall be considered proprietary and shall not be voluntarily disclosed by the Issuer or the Trustee except as required by law.

Section 5.09. Remarketing Agent. The Company hereby covenants that, so long as any of the Bonds are Outstanding and are subject to optional or mandatory purchase pursuant to the provisions of the Indenture, the Company shall cause a Remarketing Agent to be appointed and acting at all times pursuant to a Remarketing Agreement in order to provide for the remarketing of the Bonds and the establishment of interest rates to be borne by the Bonds in accordance with the provisions of the Indenture.

Section 5.10. Insurance Policy. If at any time, the Company shall cause an Insurance Policy to be delivered to the Trustee pursuant to the provision of the Indenture and Section 4.03 of this Agreement, under which Insurance Policy, the Insurer has guaranteed the payment of the principal of the Bonds upon the stated maturity thereof and upon the mandatory redemption of the Bonds pursuant to Section 4.03(b) and Section 4.03(c) of the Indenture and the payment of the interest on the Bonds as the same accrues and becomes due and payable, then the Issuer and the Company agree to be bound by the provisions of the Indenture pertaining to such Insurance Policy.

No Insurance Policy is in effect as of the date of the restatement of this Agreement.

ARTICLE VI

ASSIGNMENT

Section 6.01. Conditions. With the consent of the Bank (or the Obligor on an Alternate Credit Facility), the Company's interest in this Agreement may be assigned in whole or in part by the Company to another entity, subject, however, to the conditions that no assignment shall (a) adversely affect the Tax-Exempt status of the Bonds or (b) relieve (other than as described in Section 5.01 hereof) the Company from primary liability for its obligations to pay the First Mortgage Bonds or to make the Loan Payments or to make payments to the Trustee under Section 4.02 hereof or for any other of its obligations hereunder; and subject further to the condition that the Company shall have delivered to the Trustee and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) an opinion of counsel to the Company that such assignment complies with the provisions of this Section 6.01.

Anything herein to the contrary notwithstanding, the Company shall not make any assignment as provided in the preceding paragraph unless it shall have furnished to the Trustee an opinion of Bond Counsel to the effect that the proposed assignment will not impair the validity of the Bonds under the Act or adversely affect the Tax-Exempt status of the Bonds.

Section 6.02. Documents Furnished to Trustee. The Company shall, within 30 days after the delivery thereof, furnish to the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee a true and complete copy of the agreements or other documents effectuating any assignment pursuant to Section 6.01 hereof. The Trustee's only duties with respect to any such agreement or other document so furnished to it shall be to make the same available for examination by any Owner at the Principal Office of the Trustee upon reasonable notice.

Section 6.03. Limitation. This Agreement shall not be assigned in whole or in part, except as provided in this Article VI or in Section 4.05 or Section 5.01 hereof.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute and is referred to in this Agreement as an *"Event of Default":*

(a) a failure by the Company to make when due any Loan Payment or any payment required under Section 4.01 or Section 4.02 hereof or on the First Mortgage Bonds, which failure shall have resulted in an *"Event of Default"* under Section 9.01(a), Section 9.01(b) or Section 9.01(c) of the Indenture;

(b) a failure by the Company to pay when due any amount required to be paid under this Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Agreement (other than a failure described in Section 7.01(a) above), which failure shall continue for a period of 60 days (or such longer period as the Issuer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) and the Trustee may agree to in writing) after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Company and the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) by the Trustee or to the Company, the Bank (or Obligor on an Alternate Credit Facility, as the case may be) and the Trustee by the Issuer*; provided, however,* that if such failure is other than for the payment of money and is of such nature that it cannot be corrected within the applicable period, such failure shall not constitute an *"Event of Default"* so long as the Company institutes corrective action within the applicable period and such action is being diligently pursued; or

(c) the dissolution or liquidation of the Company; or the filing by the Company of a voluntary petition in bankruptcy; or failure by the Company promptly to lift or bond any execution, garnishment or attachment of such consequence as will impair its ability to make any payments under this Agreement or on the First Mortgage Bonds; or the filing of a petition or answer proposing the entry of an order for relief by a court of competent jurisdiction against the Company under Title 11 of the United States Code, as the same may from time to time be hereafter amended, or proposing the reorganization, arrangement or debt readjustment of the Company under the provisions of any bankruptcy act or under any similar act which may be hereafter enacted and the failure of said petition or answer to be discharged or denied within 90 days after the filing thereof; or the entry of an order for relief by a court of competent jurisdiction in any proceeding for its liquidation or reorganization under the provisions of any bankruptcy act or under any similar act which may be hereafter enacted; or an assignment by the Company for the benefit of its creditors; or the entry by the Company into an agreement of composition with its creditors (the term *"dissolution or liquidation of the Company,"* as used in this subsection (c), shall not be construed to include the cessation of the corporate existence of the Company resulting either from a merger or consolidation of the Company into or with another corporation or a dissolution or liquidation of the Company following a

transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions contained in Section 5.01 hereof).

Section 7.02. Force Majeure. The provisions of Section 7.01(b) hereof are subject to the following limitations: if by reason of acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or the states of California, Colorado, Idaho, Montana, Oregon, Utah, Washington or Wyoming, or any department, agency, political subdivision, court or official of any of such states or any other state which asserts regulatory jurisdiction over the Company; orders of any kind of civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; volcanoes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Company, the Company is unable in whole or in part to carry out any one or more of its agreements or obligations contained herein, other than its obligations under Section 4.01, Section 4.02(a), Section 4.04, Section 4.06, Section 4.07, Section 4.08, Section 4.09, [Section 4.10,] Section 5.01 and Section 5.06 hereof and on the First Mortgage Bonds, the Company shall not be deemed in default by reason of not carrying out said agreement or agreements or performing said obligation or obligations during the continuance of such inability. The Company shall make reasonable effort to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements*; provided* that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Company, and the Company shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Company unfavorable to the Company except to the extent the Company's ability to perform its obligations under Section 4.01, Section 4.02 or Section 5.01 hereof or to pay when due any amount due hereunder or on the First Mortgage Bonds will be jeopardized by the Company's failure to make such a settlement.

Section 7.03. Remedies. (a) Upon the occurrence and continuance of any Event of Default described in Section 7.01(a) or Section 7.01(c) hereof, and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the Loan Payments shall, without further action, become and be immediately due and payable.

(b) Any waiver of any *"Event of Default"* under the Indenture and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event or Events of Default under this Agreement and a rescission and annulment of the consequences thereof.

(c) Upon the occurrence and continuance of any Event of Default under Section 9.01(f) of the Indenture, the Trustee, as the holder of the First Mortgage Bonds, shall, subject to the provisions of the Indenture, have the rights provided in the Company Mortgage. Any waiver made in accordance with the Indenture of a "Default" under the Company Mortgage and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event or Events of Default under this Agreement and a rescission and annulment of the consequences thereof.

(d) Upon the occurrence and continuance of any Event of Default, the Issuer may take any action at law or in equity to collect any payments then due and thereafter to become due hereunder or to seek injunctive relief or specific performance of any obligation, agreement or covenant of the Company hereunder and under the First Mortgage Bonds.

(e) Any amounts collected from the Company pursuant to this Section 7.03 shall be applied in accordance with the Indenture. No action taken pursuant to this Section 7.03 shall relieve the Company from the Company's obligations pursuant to Section 4.01 or Section 4.02 hereof.

Section 7.04. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer hereby is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.05. Reimbursement of Attorneys' Fees. If the Company shall default under any of the provisions hereof and the Issuer or the Trustee shall employ attorneys or incur other reasonable and proper expenses for the collection of payments due hereunder or on the First Mortgage Bonds or for the enforcement of performance or observance of any obligation or agreement on the part of the Company contained herein or therein, the Company will on demand therefor reimburse the Issuer or the Trustee, as the case may be, for the reasonable and proper fees of such attorneys and such other reasonable expenses so incurred.

Section 7.06. Waiver of Breach. In the event any obligation created hereby shall be breached by either of the parties hereto and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of certain of the Issuer's rights and interest hereunder to the Trustee, the Issuer shall have no power to waive any Event of Default hereunder by the Company in respect of such rights and interest without the consent of the Trustee, and the Trustee may exercise any of the rights of the Issuer hereunder.

Section 7.07. No Liability of Issuer; Immunities. (a) Notwithstanding any contrary term or provision in the Indenture, the Bonds or this Agreement or any document or certificate related thereto or to the transactions contemplated thereby, under no circumstances will the Issuer have any obligation, responsibility or liability with respect to the Pollution Control Facilities, this Agreement, the Indenture, the Bonds or the Preliminary Official Statement dated January 9, 1991, the final Official Statement dated January 17, 1991 (collectively, the *"Official Statement"*), and the Reoffering Circular dated May 27, 2010 circulated with respect to the Bonds, except for the special limited obligation set forth in the Indenture and this Agreement whereby the Bonds are payable solely from amounts derived from the Company, the Insurance Policy and the Letter of Credit or an Alternate Credit Facility, as the case may be, and the Issuer

will have no obligation or responsibility for any payments with respect to the Bonds in the event such amounts paid to the Trustee or the Owners are for any reason insufficient to pay amounts owed with respect to the Bonds. Nothing contained in the Indenture, the Bonds or this Agreement, or in any other related document shall be construed to require the Issuer to operate, maintain or have any responsibility with respect to the Pollution Control Facilities or to conduct any business enterprise in connection therewith. The Issuer has no liability in the event of wrongful disbursement by the Trustee or otherwise. No recourse shall be had against any past, present or future commissioner, officer, employee, official, or agent of the Issuer under the Indenture, the Bonds, this Agreement or any related document. The Issuer has no responsibility to maintain the Tax-Exempt status of the Bonds under federal or state law nor any responsibility for any other tax consequences related to the ownership or disposition of the Bonds. The Issuer has no obligation or responsibility with respect to the Official Statement except for the information with respect to the Issuer contained under the caption "THE ISSUERS" and the information with respect to the Issuer contained under the caption "LITIGATION."

(b) The Company further understands and agrees that the Issuer is a governmental entity and does not waive any claims or defenses that it may have in the event of litigation, including, but not limited to, governmental immunity.

ARTICLE VIII

PURCHASE OR REDEMPTION OF BONDS

Section 8.01. Redemption of Bonds. The Issuer shall take or cause to be taken the actions required by the Indenture (other than the payment of money) to discharge the lien thereof through the redemption, or provision for payment or redemption, of all Bonds then Outstanding, or to effect the redemption, or provision for payment or redemption, of less than all the Bonds then Outstanding, upon receipt by the Issuer and the Trustee from an Authorized Company Representative of a written notice designating the principal amount of the Bonds to be redeemed and specifying the date of redemption (which shall not be less than 30 days from the date such notice is given) and the applicable redemption provision of the Indenture. Unless otherwise stated therein, such notice shall be revocable by the Company at any time prior to the time at which the Bonds to be redeemed, or for the payment or redemption of which provision is to be made, are first deemed to be paid in accordance with Article VIII of the Indenture. The Company shall furnish any moneys required by the Indenture to be deposited with the Trustee or otherwise paid by the Issuer in connection with any of the foregoing purposes. In connection with any redemption of the Bonds, the Company shall provide to the Trustee the names and addresses of the Securities Depositories and Information Services as contemplated by Section 4.05 of the Indenture. The Company shall provide to the Bank (or Obligor on the Alternate Credit Facility, as the case may be) a copy of any notice given pursuant to this Section.

Section 8.02. Purchase of Bonds. The Company may at any time, and from time to time, furnish moneys to the Trustee accompanied by a notice directing such moneys to be applied to the purchase of Bonds in accordance with the provisions of the Indenture delivered pursuant to

the Indenture, which Bonds shall, at the direction of the Company, be delivered in accordance with Section 3.06(a)(iii) of the Indenture.

Section 8.03. Obligation to Prepay. (a) The Company shall be obligated to prepay in whole or in part the amounts payable hereunder upon a Determination of Taxability (as defined below) or other event giving rise to a mandatory redemption of the Bonds pursuant to Section 4.03 of the Indenture, by paying an amount equal to, when added to other funds on deposit in the Bond Fund, (i) the aggregate principal amount of the Bonds to be redeemed pursuant to the Indenture plus accrued interest to the redemption date, plus (ii) an amount of money equal to the Trustee's fees and expenses under the Indenture accrued and to accrue until such redemption of such Bonds, plus (iii) an amount of money equal to all sums due to the Issuer under this Agreement.

(b) The Company shall cause a mandatory redemption to occur within 180 days after a Determination of Taxability (as defined below) shall have occurred. A *"Determination of Taxability"* shall be deemed to have occurred if as a result of an Event of Taxability, a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Bond is or was includible in the gross income of an Owner of the Bonds for federal income tax purposes under the Code (other than an Owner who is a "substantial user" or "related person" within the meaning of Section 103(b)(13) of the 1954 Code). However, no such decree or action will be considered final for this purpose unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until conclusion of any appellate review, if sought. If the Trustee receives written notice from any Owner of a Bond stating (a) that the Owner has been notified in writing by the Internal Revenue Service that it proposes to include the interest on any Bond in the gross income of such Owner for the reasons described therein or any other proceeding has been instituted against such Owner which may lead to a final decree or action as described herein, and (b) that such Owner will afford the Company the opportunity to contest the same, either directly or in the name of the Owner, until a conclusion of any appellate review, if sought, then the Trustee shall promptly give notice thereof to the Company, the Insurer, the Bank (or the Obligor on an Alternate Credit Facility, as the case may be), the Issuer and the Owner of each Bond then Outstanding. If a final decree or action as described above thereafter occurs and the Trustee has received written notice thereof as provided in Section 8.01 hereof at least 45 days prior to the redemption date, the Trustee shall make the required demand for prepayment of the amounts payable hereunder and give notice of the redemption of the Bonds at the earliest practical date, but not later than the date specified in this Article, and in the manner provided by Section 4.05 of the Indenture.

At the time of any such prepayment of the amounts payable hereunder pursuant to this Section, the prepayment amount shall be applied, together with other available moneys in the Bond Fund, to the redemption of the Bonds on the date specified in the notice as provided in the Indenture, whether or not such date is an Interest Payment Date, to the Trustee's fees and expenses under the Indenture accrued to such redemption of the Bonds, and to all sums due to the Issuer under this Agreement.

Whenever the Company shall have given any notice of prepayment of the amounts payable hereunder pursuant to this Article VIII, which includes a notice for redemption of the Bonds pursuant to the Indenture, all amounts payable under the first paragraph of this Section 8.03 shall become due and payable on the date fixed for redemption of such Bonds.

Section 8.04. Compliance With Indenture. Anything in this Agreement to the contrary notwithstanding, the Issuer and the Company shall take all actions required by this Agreement and the Indenture in order to comply with the provisions of Article III of the Indenture.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Term of Agreement. This Agreement shall remain in full force and effect from the date of delivery hereof until the right, title and interest of the Trustee in and to the Trust Estate shall have ceased, terminated and become void in accordance with Article VIII of the Indenture and until all payments required under this Agreement shall have been made. The date first above written shall be for identification purposes only and shall not be construed to imply that this Agreement was executed on such date.

Section 9.02. Notices. Except as otherwise provided in this Agreement, all notices, certificates, requests, requisitions and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by certified or registered mail, postage prepaid, addressed as follows: if to the Issuer, County Courthouse, 925 Sage Avenue, P.O. Box 670, Kemmerer, Wyoming, 83101, Attention: Chair, Board of County Commissioners; if to the Company, 825 NE Multnomah Street, Suite 1900, Portland, Oregon 97232-4116, Attention: Vice President and Treasurer; if to the Trustee, at such address as shall be designated by it in the Indenture; and if to the Remarketing Agent or any Insurer at such address as shall be designated by such party pursuant to the Indenture; and if to the Bank or the Obligor on an Alternate Credit Facility, at such address as shall be designated by it in writing to the Issuer, the Company, the Trustee, the Remarketing Agent and the Insurer. A copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Company, the Trustee, the Remarketing Agent, the Insurer or the Bank (or the Obligor on an Alternate Credit Facility, as the case may be) shall also be given to the others. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 9.03. Parties in Interest. (a) This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, and no other person, firm or corporation shall have any right, remedy or claim under or by reason of this Agreement except for rights of payment and indemnification hereunder of the Trustee and the Registrar. Section 9.05 hereof to the contrary notwithstanding, for purposes of perfecting a security interest in this Agreement by the Trustee, only the counterpart delivered, pledged and assigned to the Trustee shall be deemed the original. No security interest in this Agreement may

be created by the transfer of any counterpart thereof other than the original counterpart delivered, pledged and assigned to the Trustee.

(b) Upon the expiration or cancellation of the term of the Letter of Credit or at any time an Insurance Policy is not in effect, references to the Bank or the Insurer, as the case may be, herein shall be of no effect, except with respect to amounts payable to the Bank or such Insurer which have not been paid. If such amounts have not been paid, the Bank shall be entitled to all notices hereunder. If an *"Event of Default"* shall have occurred under the Indenture due to failure by the Bank or the Insurer to honor its obligations pursuant to the Letter of Credit or the Insurance Policy, so long as such failure continues any reference herein to *"Bank"* or the *"Insurer"* as the case may be, shall be void and of no effect to the extent that the reference may be construed to include such Bank or such Insurer. Upon the Expiration of the Term of an Alternate Credit Facility, references to the Obligor on such Alternate Credit Facility shall be of no effect, except with respect to amounts payable to the Obligor on such Alternate Credit Facility which have not been paid. If such amounts have not been paid, the Obligor on such Alternate Credit Facility shall be entitled to all notices hereunder. If an *"Event of Default"* shall have occurred under the Indenture due to failure by the Obligor on an Alternate Credit Facility to honor its obligations under such Alternate Credit Facility, so long as such failure continues any reference herein to *"Obligor on an Alternate Credit Facility"* shall be void and of no effect to the extent that the reference may be construed to include such Obligor.

Section 9.04. Amendments. This Agreement may be amended only by written agreement of the parties hereto, subject to the limitations set forth herein and in the Indenture.

Section 9.05. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original (except as expressly provided in Section 9.03 hereof), and such counterparts shall together constitute but one and the same Agreement.

Section 9.06. Severability. If any clause, provision or section of this Agreement shall, for any reason, be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.07. Governing Law. This Agreement shall be governed exclusively by and construed in accordance with the laws of the State except that the authority of the Company to execute and deliver this Agreement shall be governed by the laws of the State of Oregon.

(Signature page follows.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

LINCOLN COUNTY, WYOMING

[SEAL]

By _____
Chairman,
Board of County Commissioners

ATTEST:

_____
County Clerk

[SEAL]

PACIFICORP

By _____
Vice President

ATTEST:

_____
Assistant Secretary

EXHIBIT A

DESCRIPTION OF THE PROJECT

The Project consists of a sulfur dioxide monitoring and removal system and a stack installed at the Naughton generating plant in Lincoln County, Wyoming.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Execution of Counterparts. This Second Supplemental Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.02. Effective Date Applicability of the Agreement. The provisions of this Second Supplemental Loan Agreement shall become effective immediately upon the execution and delivery hereof. Except as amended and supplemented by this Second Supplemental Loan Agreement, all of the provisions of the Original Loan Agreement shall remain in full force and effect.

Section 4.03. Governing Law. The laws of the State of Wyoming shall govern the construction and enforcement of this Second Supplemental Loan Agreement.

Section 4.04. Severability. In the event any provision of this Second Supplemental Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(*Signature page follows.*)

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Loan Agreement to be duly executed as of the day and year first above written.

[SEAL]

LINCOLN COUNTY, WYOMING

By _____
Chairman, Board of County Commissioners

ATTEST:

By _____
County Clerk

PACIFICORP

By _____
Its _____

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Loan Agreement to be duly executed as of the day and year first above written.

LINCOLN COUNTY, WYOMING

[SEAL]

By _____
Chairman, Board of County
Commissioners

ATTEST:

By _____
County Clerk

PACIFICORP

By Bruce N Williams
Its Vice President and Treasurer

CONSENT OF TRUSTEE

Responsive to the provisions of the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2010, The Bank of New York Mellon Trust Company, N.A., as trustee, hereby consents to the execution and delivery of the attached Second Supplemental Loan Agreement and the resultant amendment to and restatement of the Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2010, between Lincoln County, Wyoming and PacifiCorp.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By _____
Vice President

CONSENT OF REMARKETING AGENT, AS OWNER

Responsive to the provisions of the Trust Indenture, dated as of January 1, 1991, as amended and restated as of June 1, 2003 (the *"Original Indenture"*), Wells Fargo Bank, National Association, Remarketing Agent with respect to the Bonds and as Owner of all Bonds outstanding, hereby consents to the execution and delivery of the attached Second Supplemental Loan Agreement and the resultant amendment to and restatement of the Loan Agreement, dated as of January 1, 1991, as amended and restated as of June 1, 2003, between Lincoln County, Wyoming and PacifiCorp.

Initially-capitalized terms used and not defined herein have the meanings assigned to such terms in the Original Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Owner of the Bonds

By _____

Its Director