

*Interest on the 2010 A Bonds (as hereinafter defined) is **not** excludable from gross income for federal income tax purposes. Interest on the 2010 A Bonds is not exempt from income taxation in the State of Illinois. See “TAX MATTERS RELATING TO THE 2010 A BONDS,” and APPENDIX E “Form of Opinion of Bond Counsel” herein.*

\$72,310,000

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY
\$72,310,000 Power Project Taxable Revenue Bonds,
Series 2010 A (Prairie State Project Build America Bonds - Direct Payment)

Dated: Date of Delivery

Due: January 1, as shown on inside cover page

The Power Project Taxable Revenue Bonds, Series 2010 A (Prairie State Project Build America Bonds - Direct Payment) (the “2010 A Bonds”) to be issued by the Northern Illinois Municipal Power Agency (“NIMPA”) will be issued only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2010 A Bonds under a book-entry-only system as described herein. Principal and interest payments on the 2010 A Bonds will be made directly to DTC. Individual purchases of beneficial interests will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners of the 2010 A Bonds will not receive physical delivery of bond certificates. Interest on the 2010 A Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2011. Wells Fargo Bank, National Association, Indianapolis, Indiana is the Trustee for the 2010 A Bonds.

The 2010 A Bonds are subject to redemption prior to maturity as described herein

The 2010 A Bonds are being issued to provide funds to: (i) finance a portion of the Cost of Acquisition and Construction (as defined herein) of the Project (as herein defined), (ii) fund interest during construction of the Project, (iii) fund a deposit to the Alternate Series Debt Service Reserve Account of the Debt Service Reserve Fund and (iv) pay the cost of issuance of the 2010 A Bonds.

NIMPA intends, upon the issuance of the 2010 A Bonds, to make an irrevocable election to treat the 2010 A Bonds as “Build America Bonds” under Section 54AA(d) of the Code (as defined herein), and “qualified bonds” under Section 54AA(g) of the Code, and, prior to each interest payment date for the 2010 A Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the 2010 A Bonds on such date, under Section 6431 of the Code. Holders of the 2010 A Bonds will not be entitled to any tax credits as a result of their ownership of or receipt of any interest on the 2010 A Bonds. See “DESCRIPTION OF THE 2010 A BONDS, Designation of 2010 A Bonds as ‘Build America Bonds’” and “TAX MATTERS RELATING TO THE 2010 A BONDS.”

The 2010 A Bonds and the interest thereon will be special, limited obligations of NIMPA, payable by NIMPA solely out of the Net Revenues (as defined herein) relating to the ownership and operation of the Prairie State Project and certain other funds held under the Indenture referred to herein, and will be secured by a pledge and assignment of and a grant of a security interest in the Trust Estate (as defined herein) to the Trustee under the Indenture in favor of the owners of the 2010 A Bonds. As more fully described herein, Net Revenues under the Indenture will include amounts received by NIMPA under the Power Sales Agreements between NIMPA and each of the Illinois cities of Batavia, Geneva and Rochelle.

The 2010 A Bonds are not obligations of the State of Illinois or any political subdivision thereof (other than NIMPA) or any Member of NIMPA, and neither the faith and credit nor the taxing power of the State of Illinois, any political subdivision thereof or any Member of NIMPA is pledged to the payment of the 2010 A Bonds. NIMPA has no taxing power.

The 2010 A Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Ice Miller LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their Counsel, Barnes & Thornburg LLP, Chicago, Illinois and for NIMPA by its General Counsel, Boardman, Suhr, Curry & Field, LLP, Madison, Wisconsin. It is expected that the 2010 A Bonds in definitive form will be available for delivery in New York, New York, on or about December 15, 2010.

Citi

BMO Capital Markets
J.P. Morgan

Morgan Stanley & Co. Incorporated
Wells Fargo Securities

**NORTHERN ILLINOIS MUNICIPAL POWER AGENCY
\$72,310,000 POWER PROJECT TAXABLE REVENUE BONDS,
SERIES 2010 A (PRAIRIE STATE PROJECT BUILD AMERICA BONDS – DIRECT PAYMENT)**

Dated: Date of Delivery

Due: January 1, as shown below

MATURITY DATES, AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS

\$25,905,000, 7.620% Term Bonds Due January 1, 2030 - Price 100%, CUSIP 665250BX3

\$46,405,000, 7.820% Term Bonds Due January 1, 2040 - Price 100%, CUSIP 665250BY1

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY
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Rochelle, Illinois 61068

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No dealer, salesperson or any other person has been authorized by NIMPA or the Underwriters to give any information or to make any representations, other than the information and representations contained in this Official Statement, in connection with the offering of the 2010 A BONDS and, if given or made, such information or representations must not be relied upon as having been authorized by NIMPA or the Underwriters. The information in this Official Statement has been furnished by NIMPA, the Members and other sources which are considered to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale of the 2010 A BONDS shall, under any circumstances, create any implication that there has been no change in the affairs of NIMPA or the Members since the date of this Official Statement.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2010 A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE 2010 A BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE 2010 A BONDS, NOR SHALL THERE BE ANY SALE OF ANY OF THE 2010 A BONDS, BY ANY PERSON IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting NIMPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

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OFFICIAL STATEMENT RELATING TO NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

\$72,310,000 Power Project Taxable Revenue Bonds, Series 2010 A (Prairie State Project Build America Bonds – Direct Payment)

INTRODUCTION

Purpose

The purpose of this Official Statement, which includes the cover page hereof and the Appendices hereto, is to set forth information concerning (i) Northern Illinois Municipal Power Agency (“NIMPA”), a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State of Illinois (the “State”); and (ii) NIMPA’s Power Project Taxable Revenue Bonds, Series 2010 A (Prairie State Project Build America Bonds - Direct Payment) issued in the aggregate principal amount of \$72,310,000 (the “2010 A Bonds”).

The 2010 A Bonds are being issued to provide funds to (i) finance a portion of the Cost of Acquisition and Construction (as defined herein) of the Project (as defined herein); (ii) fund interest on the 2010 A Bonds during construction; (iii) fund a deposit to the Alternate Series Debt Service Reserve Account of the Debt Service Reserve Fund; and (iv) pay the cost of issuance of the 2010 A Bonds.

Authorization for Bonds

The 2010 A Bonds are being issued pursuant to the Joint Municipal Electric Power Act, as amended, (the “Act”), and a Trust Indenture dated as of August 1, 2007 between NIMPA and Wells Fargo Bank, National Association, Indianapolis, Indiana, as Trustee (the “Trustee”) (the “Original Indenture”), as amended and supplemented from time to time, including, as supplemented by Supplemental Trust Indenture No. 6, dated as of December 1, 2010 (the “Supplemental Indenture No. 6”). The Original Indenture as supplemented and amended from time to time is herein referred to as the “Indenture”. As described in “SECURITY AND SOURCE OF PAYMENT FOR THE 2010 A BONDS, Pledge and Assignment Under the Indenture,” NIMPA has issued the 2007 Bonds (as defined herein) and the 2009 Bonds (as defined herein) and may issue additional bonds under the Indenture on a parity with the Prior Bonds (as defined herein) and the 2010 A Bonds as to security and source of payment.

NIMPA may also issue additional bonds in the future pursuant to one or more other trust indentures that NIMPA may enter into in the future in connection with the acquisition of additional generating facilities (or undivided interests therein). No such bonds will be payable from the Net Revenues (as defined herein).

See Appendix D, “Summary of Certain Provisions of the Indenture.”

NIMPA

NIMPA is a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State. NIMPA was created by contract as of May 24, 2004 for the purpose of effecting the joint development of electric energy resources for the production, transmission and distribution of electric power and energy. NIMPA’s members currently consist of three Illinois municipalities, Batavia, Geneva, and Rochelle (the “Members”). The Project is the only asset that NIMPA currently has under construction. NIMPA has sold all of its rights to capacity and energy from the Project pursuant to take-or-pay power sales agreements (the “Power Sales Agreements”) with the cities of

Batavia, Geneva and Rochelle (collectively the "Project Participants"). See "SECURITY AND SOURCE OF PAYMENT FOR THE 2010 A BONDS, The Power Sales Agreements" and "THE PROJECT PARTICIPANTS, The Power Sales Agreements."

The Project

NIMPA will use the proceeds of the 2010 A Bonds to pay for a portion of the acquisition and construction of NIMPA's 7.6% undivided interest in the Prairie State Project (as herein defined) (the "Project"). The Project entitles NIMPA to approximately 120 megawatts ("MW") of the capacity and output from the Prairie State Project.

See "PRAIRIE STATE PROJECT."

2010 A Bonds as Direct Payment "Build America Bonds"

Pursuant to the American Recovery and Reinvestment Act of 2009 signed into law February 17, 2009 (the "Recovery Act"), NIMPA intends, upon the issuance of the 2010 A Bonds, to make an irrevocable election to treat the 2010 A Bonds as "Build America Bonds" under Section 54AA(d) of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the 2010 A Bonds (the "Code"), and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the 2010 A Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the 2010 A Bonds on such date, under Section 6431 of the Code. Holders of the 2010 A Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the 2010 A Bonds. See "DESCRIPTION OF THE 2010 A BONDS, Designation of 2010 A Bonds as 'Build America Bonds'" and "TAX MATTERS RELATING TO THE 2010 A BONDS."

Additional Information

This Official Statement discusses the terms of the Indenture, the 2010 A Bonds, the Project, the Prairie State Project, the Power Sales Agreements, the Project Participants, and certain contracts and documents relating to the Project. Such descriptions do not purport to be comprehensive or definitive. All references to any statute, agreement or document are qualified in their entirety by reference to such statute, agreement or document, and all references to the 2010 A Bonds are qualified in their entirety by reference to their definitive form and the information with respect to the 2010 A Bonds contained in the Indenture. Copies of the Act, the Indenture and the Power Sales Agreements are available from NIMPA by contacting NIMPA's Management at 11610 N. College Avenue, Carmel, Indiana 46032, telephone number: (317) 573-9955.

Information regarding the Project Participants is set forth in Appendix B. A summary of the Power Sales Agreements is set forth in Appendix C. A summary of the Indenture is set forth in Appendix D. The form of Bond Counsel opinion with respect to the 2010 A Bonds is set forth in Appendix E. Appendix F provides a description of the book-entry system that will be applicable to the 2010 A Bonds, and Appendix G provides the form of Continuing Disclosure Undertaking that NIMPA will enter into in connection with the issuance of the 2010 A Bonds. See "CONTINUING DISCLOSURE."

All the information described in this section should be read in its entirety by prospective buyers of the 2010 A Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE 2010 A BONDS

Bonds Outstanding

Immediately prior to the issuance of the 2010 A Bonds, NIMPA will have the following bonds outstanding (the “Prior Bonds”):

<u>Prior Bonds</u>	<u>Outstanding Par</u>
Power Project Revenue Bonds, Series 2007 A (the “2007 A Bonds”)	\$ 303,575,000
Power Project Taxable Revenue Bonds, Series 2007 B (the “2007 B Bonds”).....	15,175,000
Power Project Taxable Revenue Bonds, Series 2009 B (the “2009 B Bonds”).....	22,280,000
Power Project Taxable Revenue Bonds, Series 2009 C (the “2009 C Bonds”).....	<u>119,670,000</u>
Total Prior Bonds.....	\$ 460,700,000

The 2007 A Bonds and the 2007 B Bonds are herein referred to collectively as the “2007 Bonds.” The 2009 B Bonds and the 2009 C Bonds are herein referred to collectively as the “2009 Bonds.” The Prior Bonds were issued as parity bonds pursuant to the Indenture. The Prior Bonds, the 2010 A Bonds and any additional bonds issued in the future under the Indenture which are on parity as to security and source of payment therewith, are herein referred to collectively as the “Bonds.”

Special Limited Obligations

The 2010 A Bonds and the interest thereon will be special, limited obligations of NIMPA payable solely out of the Net Revenues (as defined herein) and certain funds held under the Indenture (the “Trust Estate”) and will be secured by a pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture.

The 2010 A Bonds and the interest thereon will not be deemed to constitute a debt or liability of the State or of any political subdivision thereof (other than NIMPA) or any Member of NIMPA within the meaning of any state constitution provision or statutory limitation and will not constitute a pledge of the faith and credit of the State, any political subdivision thereof or any Member of NIMPA, but will be payable solely from the funds provided for in the Indenture. The issuance of the 2010 A Bonds will not, directly, indirectly or contingently, obligate the State or any political subdivision thereof or any Member of NIMPA to levy any form of taxation therefor.

Net Revenues

The Indenture defines Net Revenues for any period of calculation as the total Revenues (as defined herein) during such period less the total Operation and Maintenance Expenses (as defined herein) during such period.

Revenues generally will include (a) all revenues, income, rents and receipts derived or to be derived by NIMPA from or attributable to or relating to the Project or to the payment of the costs thereof, including all revenues received or to be received by NIMPA or the Trustee under the Power Sales Agreements or under any other arrangement by NIMPA with respect to the sale or use of the Project or any portion thereof or the capacity or energy thereof and the Subsidy Payments (as defined herein), if any are received; (b) the proceeds of certain insurance required to be deposited with the Trustee, including the proceeds of any self-insurance fund, and insurance covering business interruption loss relating to the Project; and (c) interest and other investment income received or to be received on any moneys or securities held pursuant to the Indenture and required to be paid into the Revenue Fund. *See Appendix D, “Summary of Certain Provisions of the Indenture.”*

Operation and Maintenance Expenses generally will include all of NIMPA's costs and expenses related to the operation and maintenance of the Project or the satisfaction of NIMPA's delivery obligations under the Power Sales Agreements.

See Appendix D, "Summary of Certain Provisions of the Indenture."

The Power Sales Agreements

The Power Sales Agreements require the Project Participants to make monthly payments to NIMPA for deposit into the Revenue Fund established under the Indenture (the "Revenue Fund") in amounts sufficient to pay that Project Participant's proportionate share of (a) the fixed and variable costs NIMPA incurs in connection with the Project, (b) the fixed and variable costs NIMPA incurs in connection with its obligation to deliver energy from the Project or replacement energy, and (c) NIMPA's administrative and other reasonable costs associated with its role as power supplier to the Project Participants. Each Project Participant's obligation to make such payments is a special limited obligation payable solely out of the revenues of its municipal electric system. Such payments are payable whether or not the Project is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, are not subject to any reduction, whether by offset, counterclaim, recoupment or otherwise and are not conditioned upon the performance or nonperformance of NIMPA or any other person under the Power Sales Agreements or any other agreement for any cause whatsoever. All payments due to NIMPA under the Power Sales Agreements are designated as operating and maintenance expenses of the Project Participants' electric systems and are to be made prior to the payment of principal of and interest on any outstanding debt secured by the net revenues of the Project Participants' electric systems. *See Appendix C, "Summary of Certain Provisions of the Power Sales Agreements."*

Pledge and Assignment Under the Indenture

Under the Indenture, NIMPA will pledge and assign to the Trustee, for the benefit of the owners of the 2010 A Bonds, on a parity with the Prior Bonds and all other series of Bonds issued or that may be issued under the Indenture, all right, title and interest of NIMPA in and to the Trust Estate, which includes (a) the proceeds of sale of the 2010 A Bonds; (b) all Net Revenues; (c) all money and securities in the Funds held by the Trustee under the Indenture (except for the Rebate Fund), including the investments thereof subject to the limitations on Accounts of the Debt Service Reserve Fund (as defined herein); and (d) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture. *See Appendix D, "Summary of Certain Provisions of the Indenture."*

Pursuant to the Indenture, the 2010 A Bonds are additionally secured by amounts on deposit in the Alternate Series Debt Service Reserve Account (as defined herein) in the Debt Service Reserve Fund, including the investments thereof.

Debt Service Reserve Fund - General

A Debt Service Reserve Fund has been created under the Indenture. Although a series of Bonds issued under the Indenture is not required to be secured by the Debt Service Reserve Fund or any Account thereof, NIMPA has established a Common Debt Service Reserve Account to secure the Covered Bonds (as defined below) in an amount equal to the Common Debt Service Reserve Requirement (as defined below). NIMPA may, at its option, specify in a Supplemental Indenture whether or not any series of Bonds will be secured by the Common Debt Service Reserve Account. If NIMPA determines that a series of Bonds shall not have a claim for payment on the Common Debt Service Reserve Account, NIMPA may, at its option, create a Series Debt Service Reserve Account ("Series Debt Service Reserve Account") for such Bonds

and establish a related series debt service reserve requirement (“Series Debt Service Reserve Requirement”) in a Supplemental Indenture. Such Bonds shall have a claim for payment on the related Series Debt Service Reserve Account and such Series Debt Service Reserve Account may be established for the benefit of one or more series of Bonds as set forth in the Supplemental Indenture. Amounts held in an Account of the Debt Service Reserve Fund shall be applied only to prevent deficiencies in the payments of principal of and interest on the related Series of Bonds which have a claim on such Account.

Pursuant to the Indenture, NIMPA is authorized to fund the Debt Service Reserve Fund either with moneys or through the deposit of one or more “Qualified Reserve Facilities.”

See Appendix D, “Summary of Certain Provisions of the Indenture.”

Debt Service Reserve Fund – Alternate Series Debt Service Reserve Account

The Alternate Series Debt Service Reserve Account constitutes a Series Debt Service Reserve Account and is held by the Trustee as additional security for the 2009 C Bonds and the 2010 A Bonds. NIMPA may elect to secure any future series of Bonds by the Alternate Series Debt Service Reserve Account in the Debt Service Reserve Fund (such Bonds, together with the 2009 C Bonds and the 2010 A Bonds are referred to as the “Alternate Covered Bonds”).

The Indenture requires NIMPA to deposit and maintain in the Alternate Series Debt Service Reserve Account an amount equal to the Alternate Series Debt Service Reserve Requirement (the “Alternate Series Debt Service Reserve Requirement”), which is defined in the Indenture, as of any date of calculation, as an amount equal to 67% of the maximum Adjusted Aggregate Debt Service coming due on the Alternate Covered Bonds then outstanding in the then current or any future Fiscal Year.

Amounts in the Alternate Series Debt Service Reserve Account are to be applied to make payment of the principal or sinking fund redemption price of, or interest on, the Alternate Covered Bonds secured thereby, when due in the event that amounts on deposit in the Debt Service Account are not sufficient therefor. Upon issuance of the 2010 A Bonds, the Alternate Series Debt Service Reserve Requirement will be \$12,329,053, an increase of \$4,791,361. Such increase will be funded from proceeds of the 2010 A Bonds. Upon issuance of any future series of Alternate Covered Bonds, any resulting increase in the Alternate Series Debt Service Reserve Requirement will be required to be funded in whole at the time of the issuance of such future series of Alternate Covered Bonds.

Debt Service Reserve Fund – Common Debt Service Reserve Account

The Common Debt Service Reserve Account is held by the Trustee as additional security for the 2007 Bonds and any future series of Bonds that NIMPA elects to be additionally secured by the Common Debt Service Reserve Account (such Bonds, together with the 2007 Bonds will be Covered Bonds (as defined in the Indenture). The Indenture defines “Common Debt Service Reserve Requirement” to mean as of any date of calculation, with respect to the Covered Bonds, an amount equal to the least of (a) 10% of the aggregate original principal amount (or “issue price”, as computed for federal income tax purposes, if original issuance premium or discount is greater than 2%) of the Covered Bonds; (b) Maximum Annual Debt Service (as defined herein) on the Covered Bonds; and (c) 125% of the average annual Debt Service (as defined herein) on the Covered Bonds. The 2010 A Bonds are not Covered Bonds and are not additionally secured by the Common Debt Service Reserve Account.

Debt Service Reserve Fund – Series 2009 B Debt Service Reserve Account

The Series 2009 B Debt Service Reserve Account constitutes a Series Debt Service Reserve Account and is held by the Trustee as additional security for the 2009 B Bonds. Amounts in the Series 2009 B Debt Service Reserve Account are to be applied to make payment of the principal or sinking fund redemption prices of, or interest on, the 2009 B Bonds, when due in the event that amounts on deposit in the Debt Service Account are not sufficient therefor.

Operating Reserve Account

An Operation and Maintenance Fund (the “Operation and Maintenance Fund”) has been created under the Indenture. The Operation and Maintenance Fund will consist of (a) an Operating Account (the “Operating Account”), from which NIMPA will pay Operation and Maintenance Expenses as such costs become due and payable and (b) an Operating Reserve Account (the “Operating Reserve Account”). Moneys in the Operating Reserve Account may be used as working capital and to provide for the payment of Operation and Maintenance Expenses which accrue over time and are payable less frequently than monthly and other non-recurring expenses.

The Indenture provides that the amount required to be on deposit in the Operating Reserve Account (the “Operating Reserve Requirement”), on and after the date that the Project is placed in service, will equal \$3,500,000, or such greater amount as may be provided in NIMPA’s Annual Prairie State Project Budget (as defined herein); provided, however, if NIMPA is required to fund operating reserves pursuant to the Prairie State Project Participation Agreement (as defined herein), the amount of such funds deposited by NIMPA will be credited against the amount of the Operating Reserve Requirement.

See Appendix D, “Summary of Certain Provisions of the Indenture.”

NIMPA expects to fund the Operating Reserve Requirement from proceeds of the 2009 B Bonds.

Reserve and Contingency Fund

A Reserve and Contingency Fund (the “Reserve and Contingency Fund”) has been created under the Indenture to provide for the payment of extraordinary Operation and Maintenance Expenses and contingencies, including payments with respect to the prevention or correction of any unusual loss or damage in connection with the Project, and the payment of renewals, repairs, additions, betterments and improvements in connection with the Project necessary to keep the same in good operating condition, or required by any governmental agency having jurisdiction over the Project or any part thereof or required by the Prairie State Project Participation Agreement, all to the extent not provided for in the then current Annual Budget or by reserves credited to the Operation and Maintenance Fund or from the proceeds of Bonds, notes or other evidences of indebtedness issued by NIMPA to finance or refinance the costs of acquisition and construction of the Project.

The Indenture provides that the amount required to be on deposit in the Reserve and Contingency Fund (the “Reserve and Contingency Requirement”) will equal \$1,500,000, or such greater amount as may be provided in NIMPA’s Annual Prairie State Project Budget; provided, however, if NIMPA is required to fund capital reserves pursuant to the Prairie State Project Participation Agreement, the amount of such funds deposited by NIMPA will be credited against the amount of the Reserve and Contingency Requirement.

The Reserve and Contingency Requirement will be funded at the rate of \$25,000 per month, commencing with the month during which the Project is placed in service until it reaches the Reserve and Contingency Fund Requirement, and thereafter, in the event of any deficiency therein, the amount necessary to restore the balance therein to the Reserve and Contingency Fund Requirement over 24 months in equal monthly installments.

See Appendix D, “Summary of Certain Provisions of the Indenture.”

Flow of Funds

Under the Indenture, as soon as practicable in each month after the deposit of Revenues into the Revenue Fund, but in any case no later than the last business day of such month, NIMPA shall withdraw from the Revenue Fund and credit to, or shall transfer to the Trustee for deposit in, the following Funds and Accounts in the following order the amounts set forth below:

- (a) To the Operation and Maintenance Fund (1) for credit to the Operating Account such amount as shall be necessary for the payment of all Operation and Maintenance Expenses which are unpaid and which are estimated to become due prior to the end of the following calendar month in the Annual Budget, and (2) if the amount on deposit in the Operating Reserve Account in the Operation and Maintenance Fund is less than the Operating Reserve Requirement, for credit to the Operating Reserve Account, the amount required to restore the balance in the Operating Reserve Account to the Operating Reserve Requirement, over a period of 24 months in equal monthly installments.
- (b) To the Debt Service Fund created pursuant to the Indenture (the “Debt Service Fund”), which shall be held by the Trustee, for credit to each Series Debt Service Account (each a “Series Debt Service Account”), established with respect to each Series of Bonds pursuant to a Supplemental Indenture entered into pursuant to the Indenture (each, a “Supplemental Indenture”), on a parity with the transfer to each other Series Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Debt Service (as defined herein) with respect to such Series of Bonds as of the last day of the then current month.
- (c) To the Debt Service Reserve Fund, which shall be held by the Trustee, for credit to the Common Debt Service Reserve Account, the Alternate Series Debt Service Reserve Account, the Series 2009 B Debt Service Reserve Account and to any other Series Debt Service Reserve Account established with respect to any Series of Bonds pursuant to a Supplemental Indenture, the amount, if any, required (1) to restore any deficiency in said Account as described under the Indenture, and (2) to fund the applicable Debt Service Reserve Requirement as described in the Indenture.
- (d) To the Subordinated Bond Fund created pursuant to the Indenture (the “Subordinated Bond Fund”), which shall be held by the Trustee, for credit to each Series Subordinated Bond Account established with respect to Subordinated Bonds pursuant to a Supplemental Indenture (the “Subordinated Bonds”), such amounts as shall be required by the Supplemental Indenture authorizing such Subordinated Bonds.
- (e) To the Reserve and Contingency Fund (1) commencing with the month during which the Prairie State Project achieves commercial operation, the amount of \$25,000 each until such time as the amount on deposit in the Reserve and Contingency Fund has reached the Reserve and Contingency Requirement, and

(2) thereafter, if the amount on deposit in the Reserve and Contingency Fund is less than the Reserve and Contingency Requirement, the amount required to restore the balance in the Reserve and Contingency Fund to the Reserve and Contingency Requirement, over a period of 24 months in equal monthly installments.

- (f) To the General Reserve Fund created pursuant to the Indenture, the remaining balance, if any, of moneys in the Revenue Fund after making the above credits, transfers and deposits.

See Appendix D, "Summary of Certain Provisions of the Indenture."

Rate Covenant

Under the Indenture, NIMPA is required to fix, establish, maintain and collect rates and charges for the sale, use, capacity, output and services of the Project and the provision of associated firm energy, as necessary to provide Revenues at least sufficient in each Fiscal Year (as defined in the Indenture), together with other available funds, for the payment of the amounts required to be paid into the Operating Account and Operating Reserve Account of the Operation and Maintenance Fund during such Fiscal Year, the amounts equal to the Aggregate Debt Service (as defined in the Indenture) for such Fiscal Year required to be paid into the Debt Service Fund for the payment of principal of, premium, if any, and interest on all Bonds, and all other amounts, if any, required to be paid into any other Fund or Account during such Fiscal Year under the Indenture, and all other charges or amounts payable out of Revenues during such Fiscal Year.

NIMPA will promptly collect all amounts payable under the Power Sales Agreements as the same become due, and will at all times maintain and promptly and vigorously enforce its rights against any Project Participant who does not pay such charges when due as provided in the Indenture.

See Appendix D, "Summary of Certain Provisions of the Indenture."

Additional Bonds and Subordinated Bonds

NIMPA is authorized under the Indenture to issue additional Bonds for purposes of (a) paying all or a portion of the costs of acquisition and construction of the Project, or (b) refunding any outstanding Bonds issued under the Indenture. The number of series of Bonds and the aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Indenture is not limited except as may be provided in the Indenture or as may be limited by law. All such Bonds will be equally and ratably secured by the Indenture on a parity with the Prior Bonds and the 2010 A Bonds. *See Appendix D, "Summary of Certain Provisions of the Indenture, Authorization of Bonds."*

The Indenture also authorizes the issuance of Subordinated Bonds for purposes of financing the Project. Such Subordinated Bonds will be payable out of and may be secured by a pledge of such amounts in the Subordinated Bond Fund as may from time to time be available therefor; provided, however, that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien in the Trust Estate created under the Indenture as security for the Bonds. *See Appendix D, "Summary of Certain Provisions of the Indenture, Subordinated Bonds."*

FINANCE PLAN

NIMPA expects the total costs associated with the Acquisition and Construction of the Project to be approximately \$404 million. Approximately \$343 million is being financed with proceeds of the Prior Bonds and interest thereon and approximately \$61 million will be financed by the 2010 A Bonds. These costs include, among others, (a) the projected Costs of Acquisition and Construction of the Project, including a reasonable contingency (*See* “THE PRAIRIE STATE PROJECT”); (b) reimbursement of previous expenditures for engineering, project management, legal and consulting fees; (c) administrative costs during construction, and (d) working capital.

ESTIMATED SOURCES AND USES OF FUNDS

NIMPA’s estimates of the sources and uses of funds with respect to the 2010 A Bonds are as follows:

Sources of Funds:

Principal Amount of the 2010 A Bonds	<u>\$ 72,310,000</u>
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Uses of Funds:

Project Fund	\$ 60,720,645
Alternate Series Debt Service Reserve Account	4,791,361
Interest During Construction	6,056,523
Costs of Issuance (including Underwriters’ Discount)	741,471
Total Uses of Funds	<u><u>\$ 72,310,000</u></u>

PRAIRIE STATE PROJECT

The Prairie State Project includes a pulverized coal-fired generating station and associated mine, rail, water, coal combustion waste storage and ancillary support that is located in Washington and Randolph Counties in southwest Illinois. The generating station will consist of two supercritical units with a nominal net output capacity of 800 MW each. Construction commenced on the Prairie State Project in the fall of 2007.

NIMPA and other municipal and cooperative organizations including American Municipal Power-Ohio (AMP-Ohio); Illinois Municipal Electric Agency (“IMEA”); Missouri Joint Municipal Electric Utility Commission; Prairie Power Inc.; Southern Illinois Power Cooperative; Kentucky Municipal Power Agency; and Indiana Municipal Power Agency (“IMPA”); along with Lively Grove Energy Partners, LLC, a subsidiary of Peabody Energy (collectively, the “Prairie State Participants”) have entered into a participation agreement that governs the construction and operation of the Prairie State Project (the “Prairie State Project Participation Agreement”). NIMPA’s 7.6% undivided ownership interest in the Prairie State Project is approximately 120 MW.

The Prairie State Project generating station is situated adjacent to underground coal reserves owned by the Prairie State Participants. The Prairie State Project includes construction and operation of a mine that is expected to supply all the fuel for the Prairie State Project for approximately 30 years. All the material permits required to construct and operate the mine have been issued.

The Prairie State Project is expected to be among the cleanest coal burning plants in the United States. The plant will utilize state-of-the-art control technologies including low NO_x

combustion controls, SCR (as defined herein) systems, dry electrostatic precipitators, wet sulfur dioxide (“SO₂”) scrubbers and wet electrostatic precipitators.

The Prairie State Project generating station initially was being constructed by Bechtel Power Corporation (“Bechtel”) under a target price engineering, procurement and construction contract (“TPEPC Contract”). The TPEPC Contract required Bechtel to manage the construction of the generating station to a target price and schedule. On July 23, 2010 the Prairie State Generating Company LLC and Bechtel agreed to an amended and restated fixed price engineering, procurement and construction agreement (“EPC Contract”). The EPC Contract requires Bechtel to complete the construction of the generating station in accordance with a fixed price and schedule, subject to the terms and conditions of the EPC Contract. The EPC Contract requires Bechtel to pay liquidated damages in certain circumstances. All material permits for construction and operation of the Prairie State Project have been issued.

Progress on the Prairie State Project continues. Engineering is approximately 93 percent complete, construction is approximately 54 percent complete, compared to a plan of approximately 54 percent completion. The coal mine is approximately 64 percent complete compared to a plan of approximately 65 percent completion. Construction activities are proceeding at a pace to meet substantial completion by the end of 2011 (Unit 1) and in the third quarter of 2012 (Unit 2). The mine is producing bottom development coal, and is expected to be complete two to three months prior to the scheduled first fire for Unit 1.

The Prairie State Project budget was increased as a result of converting from the TPEPC Contract to the EPC Contract. NIMPA’s estimate of its share of the total project cost is approximately \$404 million. NIMPA previously financed approximately \$343 million of Project costs with the proceeds of Prior Bonds. NIMPA expects to finance any remaining Project costs with the proceeds of the 2010 A Bonds.

DESCRIPTION OF THE 2010 A BONDS

General

The 2010 A Bonds will be issued in the aggregate principal amount of \$72,310,000. The 2010 A Bonds will be dated the date of delivery, and will bear interest from that date payable semiannually on January 1 and July 1 of each year, commencing July 1, 2011 at the respective rates set forth on the inside front cover of this Official Statement. The 2010 A Bonds will be payable in the amounts and on the dates set forth on the inside front cover.

The 2010 A Bonds are being issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. So long as Cede & Co. is the Registered Owner (as defined in the Indenture) of the 2010 A Bonds, references herein to the Registered Owner shall mean Cede & Co. and not the beneficial owners of the 2010 A Bonds. Beneficial ownership interests in the 2010 A Bonds will be in denominations of \$5,000 or any integral multiple thereof.

See Appendix F, “DTC Book-Entry System.”

Designation of 2010 A Bonds as “Build America Bonds”

Pursuant to the Recovery Act, NIMPA intends, upon the issuance of the 2010 A Bonds, to make an irrevocable election to treat the 2010 A Bonds as "Build America Bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the 2010 A Bonds, to apply to the Secretary of the United States Treasury to receive a credit, equal to 35% of the interest payable on the 2010 A Bonds on such date, under Section 6431 of the Code (any such credit, a "Subsidy Payment"). Holders of

the 2010 A Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the 2010 A Bonds. See "TAX MATTERS RELATING TO THE 2010 A BONDS."

If received by NIMPA, the Subsidy Payments will be included in Revenues and applied in accordance with the provisions of the Indenture for the purposes and on the conditions provided therein. No assurance can be given by NIMPA regarding the receipt of the Subsidy Payments. See "TAX MATTERS RELATING TO THE 2010 A BONDS."

Redemption of the 2010 A Bonds

Make-Whole Optional Redemption

The 2010 A Bonds are subject to redemption prior to their stated maturity dates at the option of NIMPA, in whole or in part on any date, in the principal amount per maturity designated by NIMPA at a redemption price equal to the greater of

- (1) the issue price set forth on the inside cover page of this Official Statement of such 2010 A Bonds to be redeemed (but not less than 100%); or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2010 A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010 A Bonds are to be redeemed, discounted to the date on which the 2010 A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below), plus 50 basis points (.50%);

plus, in each case, accrued and unpaid interest on such 2010 A Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular 2010 A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) Selected Interest Rates (the “Statistical Release”) that has become publicly available at least two Business Days, but not more than forty-five (45) calendar days, prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities, adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption

The 2010 A Bonds are subject to redemption prior to their stated maturity dates at the option of NIMPA, in whole or in part on any date, in the principal amount per maturity designated by NIMPA upon the occurrence of an Extraordinary Event, at a redemption price (the “Extraordinary Redemption Price”) equal to the greater of:

- (1) the issue price set forth on the inside cover page hereof (but not less than 100%) of such 2010 A Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010 A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the

date on which such 2010 A Bonds are to be redeemed, discounted to the date on which such 2010 A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described above), plus 100 basis points (1.00%);

plus, in each case, accrued interest on such 2010 A Bonds to be redeemed to the redemption date.

An “Extraordinary Event” will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act) or there is a guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections or any other determination by the Internal Revenue Service or the United States Treasury, pursuant to which any Subsidy Payments from the United States Treasury are reduced or eliminated.

Sinking Fund Redemption of the 2010 A Bonds

The 2010 A Bonds maturing January 1, 2030 are subject to mandatory sinking fund redemption on January 1 in the years specified below. The redemption price will be 100% of the principal amount of the 2010 A Bonds to be redeemed plus accrued interest, if any, to the redemption date, without premium.

2010 A Bonds Maturing January 1, 2030

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	200,000	2025	2,250,000
2019	700,000	2026	2,355,000
2020	1,760,000	2027	2,475,000
2021	1,855,000	2028	2,595,000
2022	1,945,000	2029	2,725,000
2023	2,040,000	2030	2,865,000*
2024	2,140,000		

The 2010 A Bonds maturing January 1, 2040 are subject to mandatory sinking fund redemption on January 1 in the years specified below. The redemption price will be 100% of the principal amount of the 2010 A Bonds to be redeemed plus accrued interest, if any, to the redemption date, without premium.

2010 A Bonds Maturing January 1, 2040

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2031	3,005,000	2036	3,845,000
2032	3,155,000	2037	4,045,000
2033	3,315,000	2038	4,250,000
2034	3,490,000	2039	4,465,000
2035	3,660,000	2040	13,175,000*

In determining the amount of 2010 A Bonds of a particular maturity to be redeemed with any Sinking Fund Installment, there will be deducted the principal amount of any 2010 A Bonds of such maturity which have been purchased, to the extent permitted by the Indenture, with amounts in the Series 2010A Debt Service Account in the Debt Service Fund in accordance with the Indenture (exclusive of amounts deposited from proceeds of Bonds). In addition, if any 2010 A

* Final maturity.

Bonds of a particular maturity are (a) purchased or redeemed with amounts other than moneys on deposit in the Series 2010A Debt Service Account, or (b) deemed to have been paid within the meaning of the Indenture and, with respect to the 2010 A Bonds of such maturity which have been deemed paid, irrevocable instructions have been given to the Trustee to redeem or purchase the same on or prior to the due date of the Sinking Fund Installment to be credited, the 2010 A Bonds of such maturity may be credited against any future Sinking Fund Installment established for the 2010 A Bonds of such maturity as determined by NIMPA at any time.

At its discretion, NIMPA may reduce the principal amount of the 2010 A Bonds required to be redeemed on any date pursuant to the applicable mandatory sinking fund redemption dates described above by the principal amount of the 2010 A Bonds of such maturity which have been purchased or redeemed and not previously applied as a credit against any such Sinking Fund Installment.

Notice of Redemption

Notice of redemption of any 2010 A Bonds is to be given by the Trustee by telecopy or other electronic means, first class mail, or prepaid overnight delivery service, at least 30 days but not more than 60 days prior to the redemption date, to the Registered Owner of the 2010 A Bonds which are to be redeemed. The failure of a Registered Owner to receive such notice or a defect in the mailing of such notice with respect to any 2010 A Bond shall not affect the validity of the redemption of any other 2010 A Bond.

For so long as a book-entry-only system is in effect with respect to the 2010 A Bonds, the Trustee will mail such notice of redemption of the 2010 A Bonds only to DTC or its nominee, or its successor, as the Registered Owner thereof. Any failure of DTC or its successor or a Direct Participant or Indirect Participant to notify a Beneficial Owner (each, as defined in Appendix F) of a 2010 A Bond of such redemption will not affect the sufficiency or the validity of the redemption of such 2010 A Bond. Neither NIMPA nor the Trustee, as applicable, nor the Underwriters (as defined herein) (other than in their capacity, if any, as a Direct Participant) can make any assurance that DTC, the Direct Participants or the Indirect Participants will distribute such redemption notice to the beneficial owners of the 2010 A Bonds, or that they will do so on a timely basis.

See Appendix F, "DTC Book-Entry System."

Selection of 2010 A Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of the 2010 A Bonds and less than all outstanding 2010 A Bonds are to be redeemed, the Trustee, upon written instruction from NIMPA given at least 45 days prior to the date designated for such redemption (or such shorter notice period that is acceptable to the Trustee), shall select Bonds for redemption in the principal amount per maturity as directed by NIMPA.

If the 2010 A Bonds are in book-entry only form, within a maturity, the particular 2010 A Bonds or portions thereof to be redeemed shall be selected on the basis of a *pro rata* pass-through distribution of principal in accordance with DTC procedures and provided that, so long as the 2010 A Bonds are held in book-entry form the selection for redemption of such 2010 A Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on the basis of a *pro rata* pass-through distribution of principal, the 2010 A Bonds will be selected for redemption, in accordance with DTC procedures, by lot. *It is NIMPA's intent that redemption allocations for 2010 A Bonds made by DTC be made on the basis of a pro rata pass-through distribution of principal as described above. However, neither NIMPA nor the Underwriters can provide any*

assurance that DTC, DTC's Direct and Indirect Participants or any other intermediary will allocate the redemption of the 2010 A Bonds on such basis.

If the 2010 A Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the 2010 A Bonds shall be allocated by the Trustee among the Registered Owners of such 2010 A Bonds on a pro-rata basis and the portion of any 2010 A Bond to be redeemed in part shall be rounded to the nearest \$5,000 or any integral multiple thereof.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements, including principal and interest (in thousands of dollars) for the Bonds on an accrual basis, net of capitalized interest.

Year Ending December 31	Prior Bonds		2010 A Bonds	Total
	2007 Bonds	2009 Bonds		
2011	--	\$ 3,653	--	\$ 3,563
2012	\$ 13,636	18,999	\$ 5,398	38,033
2013	20,738	11,284	5,603	37,625
2014	20,747	11,287	5,603	37,637
2015	20,748	11,288	5,603	37,639
2016	20,745	13,513	5,603	39,861
2017	20,743	11,250	5,803	37,796
2018	20,742	11,183	6,288	38,213
2019	20,745	11,107	7,294	39,146
2020	20,742	11,028	7,255	39,025
2021	20,743	10,947	7,204	38,894
2022	20,746	10,859	7,151	38,756
2023	20,745	10,772	7,095	38,612
2024	20,744	10,679	7,042	38,465
2025	20,743	10,577	6,976	38,296
2026	20,741	10,466	6,916	38,123
2027	20,746	10,351	6,847	37,944
2028	20,742	10,231	6,780	37,753
2029	20,743	10,100	6,712	37,555
2030	20,743	9,969	6,634	37,346
2031	20,745	9,831	6,549	37,125
2032	20,744	9,690	6,462	36,896
2033	20,742	9,536	6,378	36,656
2034	20,744	9,383	6,275	36,402
2035	20,742	9,220	6,174	36,136
2036	20,745	9,046	6,073	35,864
2037	20,746	8,866	5,962	35,574
2038	20,743	8,682	5,844	35,269
2039	20,745	--	14,205	34,950
2040	20,744	--	--	20,744
2041	20,743	--	--	20,743
Total	<u>\$ 615,205</u>	<u>\$ 293,797</u>	<u>\$ 187,729</u>	<u>\$ 1,096,731</u>

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

General

NIMPA is a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State. NIMPA was created by contract as of May 24, 2004 for the purpose of effecting joint development of electric energy resources for the production, transmission and distribution of electric power and energy. NIMPA's Members and the Project Participants currently consist of three Illinois municipalities, the cities of Batavia, Geneva, and Rochelle. NIMPA has entered into separate Power Sales Agreements with the Project Participants. NIMPA is not currently participating in any other generation projects on behalf of the Members.

Organization and Management

NIMPA's Board of Directors (the "Board") consists of one director and an alternate director appointed by each of the three Members. The Board directs the business and affairs of NIMPA. NIMPA's by-laws provide that each Member, through its director, shall have one vote. Matters specifically related to the Project are decided by the Members through their directors in accordance with the Project Committee Agreement (as defined herein).

Through a management services agreement, NIMPA has hired IMPA, one of the Prairie State Participants, to provide general management and administrative services including managing Project development, construction and financing. Once the Project is operational, services provided by IMPA will also include scheduling and the delivery of energy from the Project or replacement energy to the Project Participants.

IMPA was formed for the purpose of permitting its members to secure, by joint action among themselves, or by contract with other utilities, an adequate, reliable and economical supply of power and energy. IMPA was formed in Indiana in 1980 by 11 Indiana municipalities and began full operations in 1983. Today, with over 25 years of operating experience, 52 Indiana communities and 1 Ohio community purchase their full electric power supply and transmission requirements from IMPA. IMPA's 24/7 power control center manages all electric resources in both the Midwest ISO and PJM energy markets for IMPA's 52 members and one customer, as well as for the NIMPA Members, the individual cities of Batavia, Geneva and Rochelle, Illinois. IMPA currently co-owns two coal-fired generation facilities in Indiana and Kentucky and owns and operates seven combustion turbines located at three facilities throughout central Indiana. IMPA is presently investing in the expansion of one of its current coal generation projects and is also participating in the Prairie State Project. The following are key members of IMPA's management staff and their backgrounds.

Rajeshwar G. Rao has served as President of IMPA since 1986 and is responsible for the administration and development of IMPA and its strategies and programs pursuant to policies established by IMPA's Board of Commissioners. Mr. Rao joined IMPA in October 1983 as Director of Engineering and served in that capacity until he was appointed as President. Mr. Rao served as Chief Electrical Engineer with Richmond Power & Light prior to his employment with IMPA. Mr. Rao is a registered Professional Engineer in the State of Indiana. He holds a Master of Business Administration degree from Ball State University, as well as a Bachelor of Science degree in Electrical Engineering from Osmania University, India.

Jack F. Alvey joined IMPA in 1992. He is currently Senior Vice President, Generation and is responsible for IMPA's generation operations, electrical facilities, communication facilities, maintenance, safety, environmental compliance, and North American Electric Reliability Council compliance. Mr. Alvey has held the positions of Senior Combustion Turbine Operator, Manager of Generation Operations, Director of Generation Operations, and Vice

President-Generation during his tenure at IMPA. Prior to joining IMPA, Mr. Alvey served in the United States Navy's nuclear power field. Mr. Alvey holds a Master of Business Administration degree from Indiana University as well as a Bachelor of Science degree from Purdue University.

Douglas A. Buresh joined IMPA in 2010. He is currently Senior Vice President, Planning and Operations and is responsible for IMPA's power purchase and sale agreements, rates, integrated resource planning, energy efficiency initiatives, and market operations. Prior to joining IMPA, Mr. Buresh was employed by Ventyx where he served as Senior Vice President and Co-Head of the Advisory Division for ten years, Kansas City Power & Light as Manager of Resource Management and Deal Structuring, and St. Joseph Light & Power as Director of Fuels. Mr. Buresh holds a Master of Business Administration degree from Rockhurst University, a Master of Science in Electrical Engineering from Kansas State University, and a Bachelor of Science in Electrical Engineering from the University of Nebraska. Mr. Buresh is a registered Professional Engineer in the State of Missouri.

J. Christian Rettig joined IMPA in 2000. He is currently Senior Vice President and Chief Financial Officer. Prior to joining IMPA, Mr. Rettig worked for Roche Diagnostics Corporation for five years and the accounting firms of Baird, Kurtz & Dobson (formerly Geo. S. Olive & Co.) and Baden, Gage and Schroeder for eleven years. Mr. Rettig is a Certified Public Accountant, with a Master of Business Administration degree from Butler University and Bachelor of Science degree in Accounting and Economics from Ball State University.

Membership

The contract pursuant to which NIMPA was created (the "Agency Agreement") contains provisions permitting additional Illinois municipalities that own or operate an electric utility to become members of NIMPA, subject to satisfaction of the requirements for membership set forth therein. NIMPA currently intends to consider requests for membership by any qualifying municipality. In order to become a member, any such municipality must be approved by the affirmative vote of two-thirds of the Board. In addition, any such municipality must pay a pro-rata share of organization, planning and other NIMPA expenditures as determined by the Board. Under the Agency Agreement, any such additional member will be entitled to appoint a director and an alternate to the Board and will be eligible to participate in all activities undertaken by NIMPA on behalf of its Members. Additional members will not be entitled to, or obligated to pay for, any of the output or energy associated with NIMPA's ownership of the Project unless appropriate contracts are entered into by the additional member and the Project Participants and/or the Agency.

Annual Budgets

NIMPA approves an annual budget (the "Annual Budget") prior to the commencement of each fiscal year. The Annual Budget includes all projected expenses of NIMPA and incorporates a separate budget for the Project (the "Annual Prairie State Project Budget"). Other future generating projects in which NIMPA has an ownership interest or long term capacity entitlement will also be provided for under separate budgets.

Financial Statements and Management's Discussion and Analysis

NIMPA's audited financial statements and management's discussion and analysis for the year ended December 31, 2009 and 2008 are included as Appendix A hereto. NIMPA filed annual consolidated financial statements and other information with the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB. Such financial statements and information filed by NIMPA should be available from the MSRB.

THE PROJECT PARTICIPANTS

Description of the Project Participants

The Project Participants are Illinois municipalities that own and operate electric distribution systems for the sale of electric power and energy to customers located within their corporate boundaries. A city council governs each Project Participant's electric system. Rates and charges for electric service are set by the authority vested in each city council, and are not subject to regulation by any other federal or state authority (*See* "REGULATION OF NIMPA AND THE MEMBERS"). Distribution of electricity is provided through distribution systems that have been owned and operated by the respective Project Participant for more than 100 years. Supply of electric power and energy is provided by means of city-owned generating units and/or by power purchase contracts with various suppliers.

The Project Participants have diverse economic bases, comprised of various sectors including research, service, commercial, manufacturing and industrial. During the Project Participants' most recent fiscal year, the electric systems provided retail service to approximately 28,100 customers, of whom approximately 23,436 (83%) were residential customers, 4,386 (16%) were commercial customers and 278 (1%) were industrial or other customers. In the aggregate, approximately 24% of the Project Participant's total electric revenues during the most recent fiscal year were derived from sales to residential customers. The non-coincident peak demand for the Project Participants totaled approximately 233 MW during the most recent fiscal year, with total energy requirements reaching approximately 1,104,000 MWh during the same period.

See Appendix B, "The Project Participants."

Purchase Percentages

The Power Sales Agreements allocate to each Project Participant a percentage entitlement to NIMPA's capacity and output of the Project (referred to therein as the Project Participant's "Entitlement Share") and obligate each Project Participant to pay such percentage of all NIMPA's costs associated with the acquisition, construction, and operation of the Project. See Appendix C, "Summary of Certain Provisions of the Power Sales Agreements." The following table sets forth the Project Participant's respective Entitlement Share:

<u>City</u>	<u>Entitlement Share Percentage</u>	<u>Anticipated Capacity (MW) (net)</u>
Batavia	45.83%	55
Geneva	29.17%	35
Rochelle	25.00%	30
Total	<u>100.00%</u>	<u>120</u>

The Power Sales Agreements

The term of each Power Sales Agreement commenced upon execution of the agreement by the parties, and will end for each Project Participant when it has paid in full all obligations to NIMPA thereunder, including its allocable share of any amounts owed with respect to the Bonds.

The Power Sales Agreements require the Project Participants to pay their respective share of all Project costs, including debt service, whether the Project is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, and such payments are not subject to any reduction, whether by offset, counterclaim, recoupment or otherwise, and are not conditioned upon the performance or nonperformance of

NIMPA or any other person under the Power Sales Agreement or any other agreement for any cause whatsoever.

The Power Sales Agreements contain “step-up” provisions that require each Project Participant to increase its Entitlement Share, up to a cap of 200 percent of its original Entitlement Share percentage, if an event of default has occurred with respect to the other Project Participants and such defaulting Project Participant’s entitlement rights to the output of the Project are terminated in accordance with the provisions of its Power Sales Agreement.

The Power Sales Agreements require NIMPA to provide ancillary services such as firming and transmission arrangements. NIMPA contracts with IMPA to provide such services. In addition to all costs associated with the Project, the Project Participants are obligated to pay all costs associated with the arrangement or delivery of replacement energy and transmission services.

The Project Committee Agreement

The Amended and Restated Prairie State Project Committee Agreement (the “Project Committee Agreement”) was executed by each Project Participant and ratified by NIMPA, effective December 20, 2006. The Project Committee Agreement sets forth the terms under which NIMPA makes Project-related decisions and establishes a committee to make such decisions composed of one representative from each Project Participant (the “Project Committee”). Each Project Participant’s representative on the Project Committee is the same individual that serves as the Project Participant’s director on the Board. Votes on Project-related decisions are cast in accordance with the Participant’s Entitlement Share of the Project. A limited number of decisions, specifically, (i) disposition of NIMPA’s ownership interest in the Project; (ii) increases in Entitlement Shares; and (iii) initial Project financing, require approval of the Project Participants’ governing bodies. All other Project decisions are made by the Project Committee.

REGULATION OF NIMPA AND THE MEMBERS

As a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State, NIMPA is governed by the Board. The Board consists of three directors, each of whom is appointed by each Member and may exercise one vote on behalf of each Member. The Power Sales Agreements and the rates and charges NIMPA will assess to the Project Participants are not subject to regulation by the Illinois Commerce Commission or any other regulatory agency of the State. The rates charged by the Members to their customers are also not subject to such regulation.

FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

General

The electric utility industry in general has become increasingly competitive due to regulatory changes and wholesale and retail market developments. Electric utilities are subject to changing federal, state and local statutory and regulatory requirements of licensing and siting of facilities, safety and security, air and water quality, land use and environmental factors. Moreover, the industry is affected by public concerns regarding potential health effects from electric and magnetic fields associated with power lines, home appliances and other sources, and pollution caused by the burning of fossil fuels.

Various factors have a profound effect on the financial condition of electric utilities. These factors include: (i) compliance with constantly changing environmental, safety, licensing, regulatory, and statutory requirements; (ii) changes resulting from conservation and demand-side

management programs, including customer participation in demand response programs offered by PJM (as herein defined) and the Midwest ISO (as herein defined); (iii) changes that may result from new national energy policies, including potential implementation of smart grid technologies and greater use of renewable energy resources; (iv) increased competition resulting from utility mergers and acquisitions, and other alliances of competing utilities; and (v) self-generation by larger industrial and commercial customers. Additional factors affecting public power entities include issues relating to the issuance of tax-exempt bonds for generation and transmission facilities, and restrictions on the ability to sell electricity to other entities from projects that were financed with outstanding tax-exempt bonds.

Wholesale Energy Market

On August 8, 2005, the United States Congress passed the Energy Policy Act of 2005 (the “Act”). One of the most significant provisions in the Act repealed the Public Utility Holding Company Act (the “PUHCA”), which had been law since 1935. The repeal of the PUHCA was somewhat offset by enhanced Federal Energy Regulatory Commission merger review authority over holding company and generation-only mergers, as well as additional market transparency and manipulation rules. In light of the repeal of PUHCA, these additional provisions should offer consumers protections they would not otherwise have.

Retail Energy Market

The Illinois General Assembly enacted the Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (the “Rate Relief Law”), which initiated the restructuring of the electric utility industry in Illinois by providing a framework by which retail electric customers may choose their electric supplier. Municipal utilities and their customers are exempt from the application of the law, unless the municipality should elect to be covered. The Rate Relief Law also imposed a retail rate freeze that was later extended to January 1, 2007. Municipalities are not able to make this election if doing so would affect their status as tax-exempt organizations or any tax-exempt debt obligations. None of the Project Participants have elected to become subject to the law.

Retail rates have increased substantially since January 1, 2007 for customers served by utilities that are subject to the Rate Relief Law. The Illinois General Assembly passed legislation that would provide subsequent relief to rate payers in an aggregate amount of approximately \$1 billion to mitigate for a limited period of time the effects of such rate increases. Such legislation was signed into law by the Governor of Illinois on August 28, 2007.

Environmental, Safety and Health

NIMPA’s operations are subject to continuing environmental, health and safety regulation. Federal, state and local standards and procedures that regulate the environmental impact of NIMPA’s generation and transmission facilities are all subject to change through continuing legislative, regulatory and judicial action. Consequently, there is no assurance that the electric generating units and transmission facilities of NIMPA and its Members will remain subject to the regulations currently in effect or will always be able to obtain all required operating permits. An inability to comply with environmental, health or safety standards could result in reduced operating levels or the complete shutdown of the electric generating units and transmission facilities that are not in compliance.

The Clean Air Interstate Rule (the “CAIR”) promulgated by the United States Environmental Protection Agency (“EPA”) in 2005 was appealed and remanded to EPA in 2008. The original CAIR rule targeted the reduction of SO₂ beginning in 2010. While the original CAIR rule remains in effect, EPA has issued a new “Transport Rule” on July 6, 2010. The proposed Transport Rule requires that by 2014, the Transport Rule and other state and EPA

actions would reduce power plant SO₂ emissions by 71 percent over 2005 levels. Power plant NO_x emissions would drop by 52 percent. Public hearings are currently being held on the Transport Rule, and its final form remains unknown. EPA's Clean Air Mercury Rule ("CAMR"), which would have required the reduction of mercury emissions in 2010 was also vacated by the D.C. Circuit Court. EPA is currently developing air toxics emissions standards for power plants, consistent with the court's opinion regarding CAMR. EPA has publicly indicated that it intends to propose air toxics standards for coal-fired electric generating units by March 10, 2011 and finalize a rule by November 16, 2011.

In recent years, there has been growing concern in the scientific community and among the public about global warming and the contribution to global warming made by electric generating plants that burn coal. A number of legislative proposals have been introduced in the U.S. Congress to address the issue. NIMPA expects the debate on this issue to continue, but cannot predict what, if any, proposal may become law, or in what time frame. Any legislation that addresses global warming is likely to have an adverse effect on, and increase the cost of, coal-fired electricity generation.

The EPA has taken steps to regulate greenhouse gas emissions under existing law. In 2009, the EPA issued a final "endangerment finding," in which it declared that the weight of scientific evidence requires a finding that six identified greenhouse gases – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride – cause global warming, and that global warming endangers public health and welfare. The final rule for the "endangerment finding" was published in the Federal Register on December 15, 2009. As a result of this finding, the EPA is authorized to issue regulations limiting carbon dioxide emissions from, among other things, stationary sources such as electric generating facilities, under the federal Clean Air Act. In May 2010, EPA finalized the greenhouse gas "Tailoring Rule," which states that greenhouse gas emissions will be regulated from large stationary sources including electric generating facilities based on specified threshold levels of the tons per year of greenhouse gases emitted, using a unit known as the carbon dioxide equivalent, or CO₂e. Large sources with the potential to emit in excess of the applicability threshold will be subject to the major source permitting requirements under the Clean Air Act. Permits would be required in order to construct, modify and operate facilities exceeding the emissions threshold. Examples of such permitting requirements include, but are not limited to, the application of Best Available Control Technology (known as "BACT") for greenhouse gas emissions, and monitoring, reporting, and recordkeeping for greenhouse gases.

On September 22, 2009, the EPA issued the final rule for mandatory monitoring and annual reporting of greenhouse gas emissions from various categories of facilities, including fossil fuel suppliers, industrial gas suppliers, direct greenhouse gas emitters (such as electric generating facilities and industrial processes), and manufacturers of heavy-duty and off-road vehicles and engines. This rule does not require controls or limits on emissions, but required data collection beginning January 1, 2010, and the first annual reports are due March 31, 2011. Such data collection and reporting lays the foundation for controlling and reducing greenhouse gas in the future, whether by way of the EPA regulations under existing Clean Air Act authority or under a new climate change federal law.

The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards ("NAAQS") for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as "non-attainment areas") and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the standard and become an

“attainment area.” For example, on January 7, 2010, the EPA released a draft rule proposing stricter NAAQS for ground-level ozone, the main component of smog. The EPA planned to issue the final standards by August 31, 2010, and then follow an aggressive implementation schedule that could require states to meet the new NAAQS as early as 2014. To date, the EPA has not issued the final NAAQS standards. If this proposed rule becomes final, many air pollution sources including power plants, industrial facilities, and motor vehicles will likely face stricter emission standards.

LITIGATION

No litigation is pending or, to the knowledge of NIMPA, threatened in any court (i) to restrain or enjoin the issuance or delivery of the 2010 A Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2010 A Bonds; or (ii) in any way contesting or affecting the validity of the 2010 A Bonds or the Indenture, or the power to collect and pledge the revenues to pay the 2010 A Bonds; or (iii) contesting the power or authority of NIMPA to issue the 2010 A Bonds, or to adopt the ordinance authorizing the issuance of the 2010 A Bonds.

LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the 2010 A Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The legal opinions to be delivered will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America, and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law. These qualifications to the opinions would encompass any exercise of the State’s or each Member’s police powers over the sale or purchase of power and energy, or the operation of electric utility facilities, in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Power Sales Agreements, the Prairie State Project Participation Agreement, and other agreements to which NIMPA is a party (collectively, the “NIMPA Documents”) in a situation where such enforcement may adversely impact public health and welfare may be subject to the police powers of the State or the Members.

The remedies available upon an Event of Default under the Indenture or to NIMPA under the NIMPA Documents are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies provided in the Indenture or in other NIMPA Documents may not be readily available or may be limited.

TAX MATTERS RELATING TO THE 2010 A BONDS

Interest on the 2010 A Bonds is not excludable from gross income for federal income tax purposes. Interest on the 2010 A Bonds is not exempt from income taxation in the State.

Pursuant to the Recovery Act, NIMPA intends, upon the issuance of the 2010 A Bonds, to make an irrevocable election to treat the 2010 A Bonds as "Build America Bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code, and, prior to each interest payment date for the 2010 A Bonds, to apply to the Secretary of the United States Treasury to receive a Subsidy Payment. Holders of the 2010 A Bonds will **not** be entitled to any tax credits as a result of their ownership of or receipt of any interest on the 2010 A Bonds.

Federal tax law contains a number of requirements that apply to the 2010 A Bonds in order for them to be and remain qualified as "build America bonds" under Section 54AA(d) of the Code and "qualified bonds" under Section 54AA(g) of the Code (any bonds which are so qualified, "Qualified Build America Bonds"), including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. Failure to comply with certain of such requirements could cause the 2010 A Bonds to not be Qualified Build America Bonds retroactively to the date of issuance of the 2010 A Bonds. If for any reason the 2010 A Bonds are not Qualified Build America Bonds, NIMPA will not be entitled to receive a Subsidy Payment.

To receive a Subsidy Payment on or before any date on which any interest is due on the 2010 A Bonds, NIMPA, under currently existing procedures, is required to file a tax return between 90 and 45 days prior to such date. Under such procedures, NIMPA may expect to receive such Subsidy Payment within 45 days of filing such return. If such tax return is filed after the date 45 days prior to any date on which any interest is due on the 2010 A Bonds, such return will be processed; however, the Subsidy Payment may not be received by such interest payment date. Moreover, any such tax returns filed after the normal statutory period of limitation for claims under the Code may be barred and generally applicable limitations on the accrual of interest on late filed returns under the Code apply. Thus, depending on the timing of such filing, such Subsidy Payment may be received before or after the date on which such interest is due.

No assurances are provided that NIMPA will receive any Subsidy Payments. The amount of any Subsidy Payment is subject to legislative changes by Congress. Also, Subsidy Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by NIMPA to an agency of the United States of America.

FINANCIAL ADVISOR

McDonald Partners, Inc. (the “Financial Advisor”) has assisted NIMPA with various matters relating to the planning, structuring and delivery of the 2010 A Bonds. The Financial Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or any other public securities. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement.

CREDIT RATINGS

Fitch Ratings (“Fitch”) has assigned its municipal rating of A- and Moody’s Investors Service, Inc. (“Moody’s”) has assigned its municipal rating of A2 to the 2010 A Bonds. The ratings by Moody’s and Fitch of the 2010 A Bonds reflect only the view of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the ratings agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by any of the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of NIMPA’s outstanding indebtedness, including the 2010 A Bonds.

INDEPENDENT AUDITORS

The financial statements of NIMPA for the years ended December 31, 2009 and 2008 included in Appendix A, “NIMPA Audited Financial Statements,” have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report herein.

Deloitte & Touche LLP did not audit the financial statements of any of the Project Participants from which the summary financial information in Appendix B, “The Project Participants” was derived.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the 2010 A Bonds are subject to the approval of Ice Miller LLP, Chicago, Illinois, Bond Counsel. The form of opinion Bond Counsel proposes to render on the date of delivery of the 2010 A Bonds is attached hereto as Appendix E. Certain legal matters are subject to the approval of Barnes & Thornburg LLP, Chicago, Illinois, Counsel to the Underwriters, and Boardman, Suhr, Curry & Field, LLP, Madison, Wisconsin, General Counsel to NIMPA.

CONTINUING DISCLOSURE

NIMPA will enter into a Continuing Disclosure Undertaking (the “Undertaking”) with respect to the 2010 A Bonds to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”) in connection with their offering and purchasing of the 2010 A Bonds. The form of the Undertaking is included as Appendix G hereto. The Undertaking will be for the benefit of the holders and beneficial owners of the 2010 A Bonds. Pursuant to the Undertaking, NIMPA will be obligated to provide financial information and operating data, financial statements, notice of certain events, and certain other notices to the MSRB in an electronic format as prescribed by the MSRB and such obligations will be enforceable, all as described therein. Failure to comply with the terms of the Undertaking will not constitute an Event of Default under the Indenture.

The disclosures required by the Undertaking are in addition to and do not replace notices to be given to, or documents or information to be made available to or subject to the inspection of bondholders as required by the Indenture. *See* “Summary of Certain Provisions of the Indenture” in Appendix D hereto for a description of such notices, documents and information.

In accordance with the disclosure requirements of the Rule, NIMPA represents that, except as described below, in the previous five years, it has not failed to comply, and, except as described below, it has no knowledge that, in the previous five years, any Member has failed to comply, in any material respect, with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

On July 30, 2010, NIMPA filed the Annual Financial Information (as defined in Appendix G), and the Audited Financial Statements (as defined in Appendix G) as required under the continuing disclosure undertakings for the Prior Bonds. At the time that the Annual Financial Information was required to be filed with the MSRB, the Geneva Electric Department’s condensed balance sheet and income statement were unavailable due to a recent change in accounting personnel. NIMPA filed the Annual Financial Information with the MSRB excluding the Geneva Electric Department’s unaudited condensed balance sheet and income statement. On October, 21, 2010, NIMPA re-filed NIMPA’s Annual Financial Information including Geneva Electric Department’s condensed balance sheet and income statement.

The City of Rochelle (“Rochelle”) has previously failed to comply with previous undertakings related to outstanding debt of Rochelle’s electric system by the date specified in such continuing disclosure agreements. Rochelle is now in compliance with all of its continuing disclosure obligations.

The agreements and commitments of NIMPA described in the prior paragraphs to furnish the above-described documents and information are agreements and commitments solely of NIMPA, and the Underwriters have no responsibility to ensure that NIMPA complies with any such agreement or commitment. In addition, the Underwriters make no representation that any such documents or information will be furnished, or that any such documents or information so furnished will be accurate or complete, or sufficient for the purposes for which they may be used.

UNDERWRITING

The Underwriters listed on the cover page hereof (the "Underwriters") have agreed, subject to certain conditions, to purchase all, but not less than all, of the 2010 A Bonds from NIMPA at the purchase price of \$71,877,475 (representing the \$72,310,000 principal amount of the 2010 A Bonds, less the Underwriters' discount of \$432,525). The Underwriters will be obligated to purchase all of the 2010 A Bonds if any are purchased. The initial public offering prices may be changed, from time to time, by the Underwriters.

The 2010 A Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing 2010 A Bonds into investment trusts) at prices lower than such public offering prices.

The execution of the Undertaking is a condition precedent to the obligation of the Underwriters to purchase the 2010 A Bonds.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an Underwriter of the 2010 A Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with their respective allocations of the 2010 A Bonds.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc., one of the Underwriters of the 2010 A Bonds, which is a direct, wholly-owned subsidiary of Harris Financial Corp. which is itself a wholly-owned subsidiary of Bank of Montreal.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2010 A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of UBSFS and CS&Co. will purchase the 2010 A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2010 A Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC, member NYSE, FINRA, and SIPC, and Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association ("WFBNA"), one of the Underwrites of the 2010 A Bonds, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the 2010 A Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2010 A Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

MISCELLANEOUS

The information contained in this Official Statement has been compiled or prepared from information obtained from NIMPA and the Members and other sources considered reliable and, while NIMPA cannot guarantee its completeness or accuracy, NIMPA has no reason to believe it is incorrect as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement has been duly authorized by NIMPA.

**NORTHERN ILLINOIS MUNICIPAL
POWER AGENCY**

By /s/ Mike Buffington
President

Northern Illinois Municipal Power Agency

Financial Statements as of and for the
Years Ended December 31, 2009 and 2008,
Management's Discussion and Analysis, and
Independent Auditors' Report

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

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Management's Discussion and Analysis

This discussion and analysis of the Northern Illinois Municipal Power Agency's (NIMPA or the Agency) provides an overview of the Agency's activities for the fiscal year ended December 31, 2009. It should be read in conjunction with the basic financial statements and the accompanying notes.

Financial Statements

The financial statements presented herein include all of the activities of NIMPA. The Agency substantially follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. These statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. NIMPA has implemented all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

The statements of revenues, expenses and changes in net assets and cash flows present information about NIMPA's business activities. The balance sheets report year-end assets, liabilities and net assets balances based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses, as appropriate. Over time, increases in the Agency's net assets are one indicator of its financial strength.

Statements of Revenues, Expenses and Changes in Net Assets

Operating revenues were generated from fees billed to the three Illinois municipalities: Batavia, Geneva, and Rochelle (the "Members") related to other operating expenses of the Agency. Operating expenses were comprised primarily of consulting, legal and accounting expenses. Operating expenses consist of interest expense on taxable bonds, the interest income on unexpended proceeds of taxable bonds and the amortization of bond premium and costs. Future recoverable costs are expenses recoverable in future periods and is shown as negative expense.

All expenditures for the Prairie State Project, as defined herein and any other generation projects under development are capitalized and included in utility plant on NIMPA's balance sheets.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (\$ thousands)

	2009	2008
OPERATING REVENUES	\$ 110	\$ 88
OPERATING EXPENSES	110	88
FUTURE RECOVERABLE COSTS	(1,181)	25
OTHER EXPENSE (INCOME)	1,181	(25)
NET INCOME	-	-
NET ASSETS — Beginning of year	-	-
NET ASSETS — End of year	\$ -	\$ -

Balance Sheets

At December 31, 2009, utility plant had a balance of approximately \$220.1 million. Utility plant consists primarily of costs associated with the construction of the Prairie State Project. Cash and cash equivalents had a balance of \$250.4 million at December 31, 2009. Cash and cash equivalents are primarily unexpended proceeds from the 2007 and 2009 Bonds, as defined herein. The increase in utility plant is due primarily to the progress on the construction of the Prairie State Project and the increase in cash and cash equivalents is primarily due to the proceeds received from the issuance of the 2009 Bonds.

Long-term revenues bonds are NIMPA's 2007 Series A and B Power Project Revenue Bonds (2007 Bonds) and the 2009 Series B and C Power Project Revenue Bonds (2009 Bonds). The par value of the 2007 and 2009 Bonds is \$460,700,000 and the bonds have a final maturity of January 1, 2042.

CONDENSED BALANCE SHEETS (\$ millions)

	2009	2008
Utility plant — net	\$ 220.1	\$ 118.5
Cash and cash equivalents	250.4	209.0
Other current assets	0.1	0.3
Deferred costs	<u>6.4</u>	<u>3.9</u>
Total assets	<u>\$ 477.0</u>	<u>\$ 331.7</u>
Invested in capital assets — net of related debt	\$ (244.8)	\$ (204.8)
Restricted	238.0	201.0
Unrestricted	<u>6.8</u>	<u>3.8</u>
Total net assets	<u>-</u>	<u>-</u>
Non-current liabilities	465.5	323.6
Current liabilities	<u>11.5</u>	<u>8.1</u>
Total liabilities	<u>477.0</u>	<u>331.7</u>
Total net assets and liabilities	<u>\$ 477.0</u>	<u>\$ 331.7</u>

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northern Illinois Municipal Power Agency
Rochelle, Illinois

We have audited the accompanying balance sheets of Northern Illinois Municipal Power Agency (the "Agency") as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Agency at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1-2, which is the responsibility of the Agency's management, is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Deloitte & Touche LLP

March 30, 2010

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

BALANCE SHEETS

AS OF DECEMBER 31, 2009 AND 2008

(In thousands)

	2009	2008
ASSETS		
UTILITY PLANT - Construction work in progress	\$ 220,169	\$ 118,471
RESTRICTED CASH AND CASH EQUIVALENTS	<u>249,366</u>	<u>208,984</u>
CURRENT ASSETS:		
Unrestricted cash and cash equivalents	1,050	15
Accrued interest receivable and other assets	<u>47</u>	<u>341</u>
Total current assets	<u>1,097</u>	<u>356</u>
DEFERRED COSTS AND OTHER ASSETS:		
Bond issuance costs	4,856	3,537
Emission allowances	376	376
Regulatory assets	<u>1,161</u>	<u>-</u>
Total deferred costs	<u>6,393</u>	<u>3,913</u>
TOTAL	<u>\$ 477,025</u>	<u>\$ 331,724</u>
NET ASSETS AND LIABILITIES		
NET ASSETS:		
Invested in capital assets — net of related debt	\$ (244,827)	\$ (204,771)
Restricted	238,032	200,983
Unrestricted	<u>6,795</u>	<u>3,788</u>
Total net assets	<u>-</u>	<u>-</u>
NON-CURRENT LIABILITIES:		
Regulatory liabilities	376	396
Other non-current liabilities	147	-
Long-term revenue bonds — net	<u>464,996</u>	<u>323,242</u>
Total non-current liabilities	<u>465,519</u>	<u>323,638</u>
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	48	50
Accrued interest on revenue bonds	11,334	8,001
Due to members	97	16
Deferred revenue	<u>27</u>	<u>19</u>
Total current liabilities	<u>11,506</u>	<u>8,086</u>
TOTAL	<u>\$ 477,025</u>	<u>\$ 331,724</u>

See notes to financial statements.

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In thousands)

	2009	2008
OPERATING REVENUES — Other revenues	<u>\$ 110</u>	<u>\$ 88</u>
EXPENSES:		
Other operating	110	88
Interest expense on revenue bonds	1,818	-
Amortization of bond premium and issuance costs	11	(25)
Interest income	(648)	-
Future recoverable costs	<u>(1,181)</u>	<u>25</u>
Total expenses	<u>110</u>	<u>88</u>
NET INCOME	-	-
NET ASSETS — Beginning of year	<u>-</u>	<u>-</u>
NET ASSETS — End of year	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (In thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Other operating receipts	\$ 208	\$ 464
Payments for emission allowances	-	(376)
Payments for other operating expenses	<u>(119)</u>	<u>(59)</u>
Net cash provided by operating activities	<u>89</u>	<u>29</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to utility plant	(85,518)	(61,835)
Subsidy received on Build America Bonds	1,027	-
(Cost of) or proceeds from issuance of long-term debt	140,423	(145)
Interest payments	<u>(16,002)</u>	<u>(13,379)</u>
Net cash provided by (used in) capital and related financing activities	<u>39,930</u>	<u>(75,359)</u>
CASH FLOWS FROM INVESTING ACTIVITIES — Interest income and other	<u>1,398</u>	<u>7,689</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,417	(67,641)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>208,999</u>	<u>276,640</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 250,416</u>	<u>\$ 208,999</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,181	\$ (25)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Future recoverable costs	(1,181)	25
Changes in certain assets and liabilities:		
Emission allowances	-	(376)
Accounts payable, accrued liabilities, and other	89	29
Regulatory liabilities	<u>-</u>	<u>376</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 89</u>	<u>\$ 29</u>

See notes to financial statements.

NORTHERN ILLINOIS MUNICIPAL POWER AGENCY

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations — Northern Illinois Municipal Power Agency (NIMPA or the Agency) is a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. NIMPA was created by contract on May 24, 2004, for the purpose of effecting the joint development of electric energy resources for the production, transmission and distribution of electric power and energy. NIMPA's members currently consist of three Illinois municipalities: Batavia, Geneva, and Rochelle (the "Members").

NIMPA has sold all of its rights to capacity and energy from the Prairie State Project pursuant to take-or-pay power sales agreements with the Members.

Basis of Presentation — The Agency substantially follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. NIMPA has chosen the option to implement all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Utility Plant — The Agency's share of all costs associated with the development and construction of the Prairie State Project are capitalized, including interest expense incurred, interest income earned on tax exempt bond proceeds and Build America Bond subsidies earned during the construction period. During 2009 and 2008, the Agency capitalized interest expense incurred, and interest and Build America Bond subsidies earned totaling \$16.0 million and \$9.1 million, respectively. The Agency generally capitalizes costs associated with other capital projects when such costs are in excess of \$2,500.

Funds — NIMPA's Trust Indenture, dated August 1, 2007 (the "Indenture"), provides for the creation and maintenance of certain funds and accounts. The Debt Service Fund, the Debt Service Reserve Fund and the Project Funds are restricted under the Indenture. The Project Fund includes restricted proceeds from tax-exempt bonds issued for specified capital projects. The Revenue Fund, the General Reserve Fund and the Operation and Maintenance Fund are all unrestricted and are to be used for the operating needs of the Agency.

Restricted and Unrestricted Cash and Cash Equivalents — NIMPA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Regulatory Assets and Liabilities — Regulatory assets are expenses incurred that will be recovered in future rates and regulatory liabilities are collections from members for emission allowances that will be utilized in plant operations in future periods. As a rate regulated entity, NIMPA's financial statements reflects the actions of the Board of Directors that result in the recognition of revenues and expenses in different time periods than enterprises that are not rate regulated in accordance with FASB Accounting Standards Codification 980, *Regulated Operations* (ASC 980). The Agency does not earn a return on regulatory assets and liabilities.

Under the terms of the power sales contracts, costs in excess of the amounts currently billable to members are to be recovered from future revenues by setting rates sufficient to provide funds for the related debt service requirements. These non-cash costs, which primarily include depreciation and amortization expenses in excess of current principal payments, will be recovered over the lives of the bonds. The lives of the bonds do not exceed the utility plant useful life.

If rate recovery of generation-related costs becomes unlikely, whether due to competition or regulatory action, ASC 980 may no longer apply to NIMPA's generation operations. This potential accounting change could result in either full recovery of net generation-related regulatory assets or a non-cash write-off. Based on NIMPA's current regulatory environment, management believes that the Agency's future recoverable costs are probable of future recovery.

Bond Issuance Costs — Certain costs associated with the issuance of debt have been deferred and are being amortized over the life of the respective bonds. Unamortized debt issuance costs total \$4.9 million and \$3.5 million at December 31, 2009 and 2008, respectively.

Revenues — Assessments are periodically charged to members for the purpose of providing the Agency with cash on hand. These assessments are provided for administrative and practical reasons and represent deferred revenue until expenses are incurred. At such time expenses are incurred, the Agency recognizes other revenue.

Expenses — Operating expenses are defined as expenses directly related to, or incurred in support of, the production and transmission of electricity to the participating communities IMPA serves. Future recoverable costs represents the regulatory effect of operating and non-operating income and expenses deferred to future periods.

Income Taxes — NIMPA, as a unit of local government of the State of Illinois, is exempt from federal and state income taxes.

Indiana Municipal Power Agency (IMPA) — NIMPA has hired IMPA, a participant in the Prairie State Project, through a management services agreement to provide general management and administrative services.

Use of Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires NIMPA to make estimates and assumptions that affect the reported assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements Issued — In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASBS No. 53) which requires most derivatives to be recorded at fair value. The changes in fair value of hedging derivative instruments will be reported as deferred gains or loss on the balance sheet. The changes in the fair value of other derivative instruments that are investment derivative instruments, including those that are ineffective hedges, are reported as income or loss in the investment revenue classification in the current year. GASBS No. 53 is effective for the Agency on January 1, 2010. The Agency does not expect the adoption of GASBS No. 53 to have a material impact on the financial statements.

2. CAPITAL ASSETS

Utility Plant primarily includes the development and construction costs of NIMPA's share of the Prairie State Project. The Prairie State Project will include an approximately 1,600 megawatt (MW) coal fired generating station, coal reserves adjacent to the plant site and coal mining facilities. The mining facilities are expected to be constructed and in full production by early 2011. The generating station is expected to commence full commercial operation by the summer of 2012. NIMPA's 7.6% undivided interest in the Prairie State Project entitles NIMPA to approximately 120 MW of capacity and output at the Prairie State Generating Station and a proportionate share of the adjacent coal reserves and mining facilities.

NIMPA's three members have the following entitlement shares of NIMPA's ownership interest in the Prairie State Project:

City	Entitlement Share Percentage
Batavia	45.83 %
Geneva	29.17
Rochelle	<u>25.00</u>
Total	<u>100.00 %</u>

At December 31, 2009 and 2008, capital assets included \$220.1 million and \$118.5 million of construction work in progress, respectively, including coal reserves.

3. FINANCIAL INSTRUMENTS

NIMPA's investment activities are governed by the Indenture. At December 31, 2009 and 2008, cash and cash equivalents include money market investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, NIMPA records financial instruments at fair value unless certain conditions are met. At December 31, 2009 and 2008, the amortized cost of the financial instruments held by NIMPA approximated estimated fair value.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, receivables and certain other liabilities approximates fair value due to the short maturity of the instruments. At December 31, 2009 and 2008, the estimated fair value of long-term debt is approximately \$444.1 million and \$269.2 million, respectively. The estimated fair value of long-term debt is primarily based on quoted market prices for the same or similar debt issues.

5. NET ASSETS

At December 31, 2009 and 2008, NIMPA's net assets can be broken down into the following components (in thousands):

	2009	2008
Invested in capital assets — net of related debt	\$ (244,827)	\$ (204,771)
Restricted for debt service	4	2
Restricted for debt service reserve	30,514	20,748
Restricted for bond financed construction projects and capitalized interest	207,514	180,233
Unrestricted	<u>6,795</u>	<u>3,788</u>
	<u>\$ -</u>	<u>\$ -</u>

The Indenture restricts the debt service, debt service reserve and the bond financed construction projects and capitalized interest accounts.

6. LONG-TERM REVENUE BONDS

NIMPA has issued Power Project Revenue Bonds to finance its acquisition and construction of the Prairie State Project. Long-term revenue bonds issued and outstanding at December 31, 2009 and 2008, consist of the following (in thousands):

	Interest Rate	Due Date January 1,	Optional Redemption Date January 1,	2009	2008
2007 Series A	5.00 %	2016–2042	2019	\$ 303,575	\$ 303,575
2007 Series B	5.35–5.51	2013–2016		15,175	15,175
2009 Series B	4.440-5.688	2013-2017		22,280	-
2009 Series C	5.688-6.859	2017-2039	See Below	<u>119,670</u>	<u>-</u>
				460,700	318,750
Plus unamortized premium				<u>4,296</u>	<u>4,492</u>
				<u>\$ 464,996</u>	<u>\$ 323,242</u>

The 2007 Series A Bonds are callable on or after the optional redemption date at a redemption price of 100%.

Approximately \$7.4 million (par) of the 2009 Series C Bonds, maturing on January 1, 2020 and 2021 are callable on or after January 1, 2019 at a redemption price of 100%. The 2009 Series C Bonds maturing on January 1, 2024 and 2039 totaling approximately \$103.6 million are callable at anytime at a Make Whole Redemption Price. A Make Whole Redemption Price is the greater of 100% of the principal amount of the sum or the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds redeemed. All of the 2009 Series C Bonds are callable at any time at a Make Whole Redemption Price if an Extraordinary Event occurs. An Extraordinary Event is a material

adverse change to Section 54AA or 6431 of the Internal Revenue Service Code which pertain to Build America Bonds.

Debt service requirements at December 31, 2009, were as follows (in thousands):

	Principal	Interest
2010	\$ -	\$ 19,335
2011	-	25,092
2012	-	25,092
2013	15,140	25,092
2014	7,645	24,377
2015–2019	47,090	115,155
2020–2024	56,940	101,493
2025–2029	71,745	84,273
2030–2034	90,770	62,073
2035–2039	114,880	34,035
2040–2042	<u>56,490</u>	<u>5,741</u>
	<u>\$ 460,700</u>	<u>\$ 521,758</u>

Rate Covenant — The Indenture contains covenants that include collection of rates that provide funds for operating costs and aggregate debt service.

7. ARBITRAGE

A rebate payable to the Internal Revenue Service (IRS) generally results from the investment of bond proceeds at a higher rate of interest than the cost of borrowing. The excess of interest income over cost of borrowing is payable to the IRS within five years of the date of the bond offering and every five years thereafter. At December 31, 2009 and 2008, no rebate liability was payable to the IRS.

8. CONCENTRATION OF RISK

Credit risk represents the risk of loss that would occur if suppliers or customers did not meet their contractual obligations to NIMPA. Concentration of credit risk occurs when significant suppliers or customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

9. COMMITMENTS AND CONTINGENCIES

Contract Disputes — In the normal course of business, NIMPA may be involved in various disputes with other parties. While management cannot predict the ultimate outcome of these disputes, total exposure is not material to NIMPA's financial position.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events up through March 30, 2010, which is the issuance date of the financial statements.

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The Project Participants

City of Batavia, Illinois City of Batavia Electric Department

General

Settled in the 1830's, the City of Batavia ("Batavia") is located 35 miles due west of Chicago, Illinois along the banks of the Fox River. Batavia was incorporated as a village in 1856 and as a city in 1891. Population based on a 2004 special partial census was 25,264. The current population is estimated to be approximately 27,000. The current land area of Batavia is 9.64 square miles and, with annexations and additional development, could grow to an area of 10.2 square miles with an estimated population of up to 34,000.

Batavia became recognized as a home rule unit of local government under the Illinois Constitution through new legislation in October, 2009. The City operates under an aldermanic form of government with 14 aldermen, two from each ward, elected for overlapping four-year terms. The Mayor is elected on an at-large basis. A full-time City Administrator is appointed by the Mayor with the advice and consent of the City Council. Batavia is the home of over 200 manufacturing, research and warehousing firms, as well as the Fermi National Accelerator Laboratory, the world renowned center for high energy physics research.

Electric System

Batavia has operated its own electric system (the "Batavia Electric Department") since 1889 when Batavia developed its own street lighting system. The Batavia Electric Department is operated under the supervision and direction of the Director of Public Works. The City Council has the power to determine, fix and alter rates charged by the Batavia Electric Department and to authorize expenditures therefor. Batavia's Public Works Department's Electric Superintendent has day-to-day responsibility for the operation of the electric system.

Batavia's electric system serves approximately 10,800 retail customers within the city limits of Batavia. Batavia's electric system consists of 110 miles of overhead and underground line and six substations. The Batavia Electric Department currently purchases all of its energy requirements. Batavia has purchased all of its capacity and energy requirements to supplement the capacity and energy delivered by NIMPA from the Prairie State Project through May 2012. After the Prairie State Project begins commercial operation, Batavia will continue to purchase the remaining portion of its energy and capacity requirements not provided by NIMPA under the Power Sales Agreement. Batavia contracts with the Indiana Municipal Power Agency ("IMPA") to manage and schedule Batavia's electric resources in the PJM Interconnection energy market.

Projected Capital Additions

In 2006, Batavia issued \$26.9 million of tax exempt electric system revenue bonds for the purpose of constructing two 138 kV to 34.5 kV substations and two 138 kV lines ("the 138 kV Transmission Project"). The 138 kV substations and lines connect to the network transmission system lines that are owned by Commonwealth Edison Company.

Current estimates indicate that Batavia's electric department will invest approximately \$16 million in capital improvements for its transmission and distribution system over the next 5 years. Batavia expects to pay for the capital improvements from Batavia's operating reserves.

Electric Rates

Rates and charges for electric service are under the exclusive jurisdiction of the City Council. Electric rates are not subject to the control of any governmental regulatory agencies. The current monthly cost for a residential customer using 1,000 kWh in the summer months is approximately \$120.

Batavia last increased its rates in 2008 to meet increases in operating and capital expenses. Incorporated in each schedule of electric rates is a Purchased Power Adjustment Factor ("PPAF"). The PPAF tracks purchased power and transmission expenses and any changes in costs associated with line losses. Any increases in expenses related to purchased power, transmission or line losses will be recovered from customers through a monthly charge

added to all customers' bills. Conversely, any decrease in purchased power, transmission and line loss expenses will be returned to customers as a credit on their bills.

Electric System Requirements

Historical Peak Load and Energy Requirements Fiscal Year Ending December 31

<u>Year</u>	<u>Peak Load (MW)</u>	<u>Total Energy Requirements (MWh)</u>
2005	87.2	432,307
2006	93.1	428,256
2007	89.2	437,961
2008	85.0	433,253
2009	88.8	414,667

Batavia's actual system peak load and energy requirements are significantly influenced by the variation in the number of summer season cooling degree days incurred in each annual period.

Customer Information

Customers by Class Fiscal Year Ending December 31

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	9,467	9,485	9,505	9,456
Commercial	1,246	1,273	1,286	1,296
Industrial	11	11	10	11
Total Customers	<u>10,724</u>	<u>10,769</u>	<u>10,801</u>	<u>10,763</u>

Energy Sales (MWh) by Class Fiscal Year Ending December 31

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	96,979	100,710	94,864	90,251
Commercial	176,879	160,763	162,011	154,425
Industrial	143,880	165,773	159,464	155,741
Total Retail Sales	<u>417,738</u>	<u>427,246</u>	<u>416,339</u>	<u>400,417</u>

Energy Revenues (\$'s in 1,000s) by Class Fiscal Year Ending December 31

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	\$ 7,073	\$ 8,389	\$ 8,853	\$ 8,872
Commercial	10,835	11,678	13,489	13,699
Industrial	7,828	10,322	11,387	12,045
Total Retail Sales	<u>\$ 25,736</u>	<u>\$ 30,389</u>	<u>\$ 33,729</u>	<u>\$ 34,616</u>

Financial Condition

The following Condensed Balance Sheet and Condensed Statement of Operations for the last four fiscal years have been prepared by NIMPA. The financial summaries are based upon audited financial statements. Copies of Batavia's last audited financial statements may be obtained from Batavia's website at www.cityofbatavia.net or by submitting a written request to the City of Batavia, Finance Director, 100 North Island Avenue, Batavia, Illinois, 60510.

Condensed Balance Sheet (in 1,000s) Fiscal Year Ending December 31

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Utility Plant	\$ 25,666	\$ 49,449	\$ 49,838	\$ 49,438
Cash and Investments*	36,156	14,831	15,673	14,410
Other Assets	4,265	5,968	6,009	7,154
Total Assets	\$ 66,087	\$ 70,248	\$ 71,520	\$ 71,002
Equity	\$ 35,141	\$ 39,615	\$ 41,687	\$ 41,151
Revenue Bonds Payable, non-current.....	26,870	26,585	26,575	26,290
Other Liabilities.....	4,076	4,048	3,258	3,561
Total Liabilities and Equity	\$ 66,087	\$ 70,248	\$ 71,520	\$ 71,002

* At December 31, 2006, Cash and Investments include \$16,695 of unspent restricted bond proceeds.

Condensed Statement of Operations (in 1,000s) Fiscal Year Ending December 31

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Sales of Electricity	\$ 25,736	\$ 30,389	\$ 33,729	\$ 34,616
Other Operating Revenues	2,179	4,732	1,937	2,871
Total Operating Revenues	27,915	35,121	35,666	37,487
Net Purchased Power and Distribution Expenses.....	\$ 21,448	\$ 27,036	\$ 29,637	\$ 31,336
Other Operating Expenses.....	2,522	2,082	1,426	2,976
Subtotal-Operating Expenses	23,970	29,118	31,063	34,312
Net Operating Income	3,945	6,003	4,603	3,175
Depreciation	(1,039)	(1,092)	(1,123)	(2,105)
Other Revenues (Expenses)	50	175	(750)	(906)
Transfer to City	(486)	(612)	(658)	(700)
Net Income	\$ 2,470	\$ 4,474	\$ 2,072	\$ (536)
Beginning Equity, Jan. 1	\$32,405	\$ 35,141	\$39,615	\$41,687
Net Income	2,470	\$4,474	2,072	(536)
Capital Contributions	286			
Other transfers and adjustments	(20)			
Ending Equity	\$ 35,141	\$ 39,615	\$ 41,687	\$ 41,151
Net Cash from Operations.....	\$ 5,754	\$ 3,403	\$ 3,104	\$ 1,634

Litigation

There is no material pending litigation, in which Batavia or the Batavia Electric Department is a party and which would adversely affect the operations of the Batavia Electric Department.

City of Geneva, Illinois Geneva Electric Department

General

The City of Geneva (“Geneva”) was founded in 1835 and incorporated in 1887. Geneva is approximately 35 miles west of Chicago, Illinois in the Fox River Valley. Geneva is primarily residential with a balanced mix of commercial and industrial activity. A special census in 2004 reported Geneva’s population to be approximately 22,000.

Geneva is a non-home rule unit of local government under the Illinois Constitution. The government of Geneva follows the mayor-council system that is made up of a Mayor elected at large and ten aldermen elected from five wards for four year staggered terms. The City Clerk and Treasurer are also elected at large for four-year terms. The Mayor appoints the City Administrator with the advice and consent of the City Council. Geneva is responsible for providing police and fire protection, maintaining streets, providing sewer and water services and supplying electricity to Geneva’s residences, businesses and industries.

Electric System

Geneva has owned and operated its own electric system since 1896. Geneva’s electric system serves approximately 10,300 retail customers within the city limits of Geneva which encompasses an area of approximately 8.5 square miles.

Under the supervision and direction of the Mayor and City Council, Geneva’s electric system is administered by the Geneva Electric Division, a Division within Geneva’s Public Works Department. The Geneva Electric Division is administered by a Superintendent who is appointed by the Mayor and under the direction and supervision of the Director of Public Works.

Geneva’s electric system is connected to the Commonwealth Edison Company system in seven locations which include the South Street, Peyton Street, Keslinger Road, Delnor, Western Avenue, East Side Drive and the Geneva Business Park substations. These substations are supplied by 34.5 kV lines. All substations supply 12.47 kV feeders.

Geneva owns and operates a power plant consisting of five natural gas fired reciprocating engine-generator sets. The power plant is located within the corporate limits of Geneva, and is interconnected with Geneva’s distribution system. Each generating set can produce approximately 6 MW. Geneva’s power plant is economically dispatched to cap market prices and to reduce PJM Interconnection (“PJM”) transmission costs. This procedure reduces Geneva’s purchased power requirements as well as its transmission payments to PJM.

Geneva currently purchases the bulk of its capacity and energy requirements through a multi-year contract with Exelon which terminates on December 31, 2010. The amount purchased under this contract varies hourly as Geneva’s load varies, up to a pre-determined amount. This amount is set annually at a level so that Geneva’s existing generation can serve the remainder of its requirements. Geneva also has a multi-year contract to purchase the energy generated by a landfill gas generator located within its corporate limits. The landfill gas contract expires on January 1, 2011 and currently provides approximately 10% of the City’s energy requirements.

Geneva has recently executed an additional contract with Exelon to provide varying amounts of baseload and peaking energy during the period from January 1, 2010 through December 31, 2013. The contract, in addition to the energy expected to be generated by both units of the Prairie State Project is expected to satisfy Geneva’s energy requirements through 2013. After the Prairie State Project begins commercial operation, Geneva will enter into additional contracts for the remaining portion of its energy and capacity requirements not provided by NIMPA under the Power Sales Agreement. Geneva contracts with the Indiana Municipal Power Agency (“IMPA”) to manage and schedule Geneva’s electric resources in the PJM energy market.

Geneva has obtained all necessary permits and approvals for the operation of its electric system. There is currently no environmental litigation pending or threatened in connection with Geneva’s electric system.

Projected Capital Additions

In November 2007, Geneva issued \$2.45 million of general obligation bonds to fund improvements to the West Side substation. Current estimates indicate that Geneva's electric department plans to invest approximately \$12 million in additional capital improvements over the next 5 years. The City of Geneva, acting independently or through NIMPA, may additionally seek an ownership interest in one or more additional generating facilities.

Electric Rates

The authority for the establishment of rates and charges for the various services provided by the Geneva Electric Division is vested exclusively in the City Council. Duly established electric rates are not subject to review or approval by any administrative agency of the State of Illinois or any other government agency.

The City of Geneva expects to increase rates approximately 6% in 2011 to meet increases in operating and capital expenses. The last time Geneva increased its rates was in 2006. Incorporated in each schedule of electric rates is a "Power Cost Adjustment," which automatically adjusts the charge for each kWh of power used to reflect the Geneva Electric Department's cost of fuel or purchased power which exceeds the amount designed in the rates. The current monthly cost for a residential customer using 1000 kWh in the summer months is approximately \$96.

Electric System Requirements

Historical Peak Load and Energy Requirements Fiscal Year Ending April 30

Year	Peak Load (MW)	Total Energy Requirements (MWh)
2006	82	397,406
2007	92	414,399
2008	85	402,769
2009	81	392,895
2010	83	383,135

The actual system peak load and energy requirements are significantly influenced by the variation in the number of summer season cooling degree days incurred in each annual period.

Customer Information

Customers by Class Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	7,936	7,951	7,976	8,054
Commercial	2,080	2,080	2,109	2,067
Industrial	43	45	45	45
Other	<u>114</u>	<u>114</u>	<u>110</u>	<u>118</u>
Total Customers	<u>10,173</u>	<u>10,190</u>	<u>10,240</u>	<u>10,284</u>

Energy Sales (MWh) by Class Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	85,043	87,717	82,071	77,649
Commercial	137,844	143,096	140,336	131,545
Industrial	151,786	152,290	149,157	145,111
Other	<u>9,622</u>	<u>11,313</u>	<u>13,183</u>	<u>12,179</u>
Total Retail Sales	<u>384,295</u>	<u>394,416</u>	<u>384,747</u>	<u>366,484</u>

Energy Revenues (\$'s in 1,000s) by Class Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	\$ 7,829	\$ 7,973	\$ 7,638	\$ 7,425
Commercial	10,841	10,632	10,639	10,450
Industrial	10,292	9,342	8,933	9,518
Other	<u>746</u>	<u>787</u>	<u>969</u>	<u>958</u>
Total Retail Sales	<u>\$ 29,708</u>	<u>\$ 28,734</u>	<u>\$ 28,179</u>	<u>\$ 28,351</u>

Financial Condition

The following Condensed Balance Sheet and Condensed Statement of Operations for the last four fiscal years have been prepared by NIMPA. The financial summaries are based upon audited financial statements. Copies of Geneva Electric Department's last audited financial statements may be obtained by submitting a written request to the City of Geneva, Finance Director, 22 South First Street, Geneva, IL 60134.

Condensed Balance Sheet (\$s in 1,000s) Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Utility Plant	\$ 35,089	\$ 38,225	\$ 39,236	\$ 40,381
Cash and Investments	3,510	7,636	6,375	5,203
Other Assets	5,032	3,756	4,023	3,905
Total Assets	<u>\$ 43,631</u>	<u>\$ 49,617</u>	<u>\$ 49,634</u>	<u>\$ 49,489</u>
Equity	\$ 20,412	\$ 22,240	\$ 26,269	\$ 27,232
Revenue Bonds Payable, non-current.....	19,671	20,956	19,533	17,733
Other Liabilities.....	3,548	6,421	3,832	4,524
Total Liabilities and Equity	<u>\$ 43,631</u>	<u>\$ 49,617</u>	<u>\$ 49,634</u>	<u>\$ 49,489</u>

Condensed Statement of Operations (\$s in 1,000s) Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Sales of Electricity.....	\$ 29,708	\$ 28,734	\$ 28,179	\$ 28,351
Other Operating Revenues	1,786	610	3,686	1,264
Total Operating Revenues	31,494	29,344	31,865	29,615
Net Purchased Power Expense	21,500	21,013	21,094	21,023
Other Operating Expenses.....	4,890	5,740	5,148	4,728
Subtotal-Operating Expenses.....	<u>26,390</u>	<u>26,753</u>	<u>26,242</u>	<u>25,751</u>
Net Operating Income.....	5,104	2,591	5,623	3,864
Depreciation	(1,378)	(1,156)	(1,553)	(1,732)
Other Revenues (Expenses).....	(808)	610	164	(958)
Transfer to City	(219)	(217)	(221)	(227)
Net Income	<u>\$ 2,699</u>	<u>\$ 1,828</u>	<u>\$ 4,013</u>	<u>\$ 947</u>
Beginning Equity, Jan. 1	\$ 17,666	\$20,412	\$ 22,240	\$ 26,269
Net Income	2,699	1,828	4,013	947
Capital Contributions	46	-	16	16
Ending Equity	<u>\$ 20,412</u>	<u>\$ 22,240</u>	<u>\$ 26,269</u>	<u>27,232</u>
Net Cash from Operations	<u>\$ 4,077</u>	<u>\$ 2,984</u>	<u>\$ 5,566</u>	<u>\$ 2,679</u>

Litigation

There is no material pending litigation, in which Geneva or the Geneva Electric Department is a party and which would adversely affect the operations of the Geneva Electric Department.

City of Rochelle, Illinois Rochelle Municipal Utilities (“RMU”)

General

The City of Rochelle (“Rochelle”) is located in north central Illinois, approximately 76 miles west of Chicago, Illinois and 25 miles south of Rockford, Illinois. Rochelle is a growing industrial center serving the Midwest and is the local commercial center for a predominantly rural surrounding area. The population of the City of Rochelle is currently approximately 9,400.

Rochelle is a non-home rule unit of local government under the Illinois Constitution. The government of Rochelle follows the Council-Manager form. The City Council is comprised of an elected Mayor and Council. The City Manager is appointed by majority vote of the City Council for an indefinite term. The City Manager is the chief administrative officer of Rochelle and is responsible to the City Council for the proper administration of all affairs of the city.

There are approximately 135 retail sales and trade establishments currently in business in Rochelle. There are 40 manufacturing and industrial concerns located in and around the city.

Electric System

Rochelle has operated its own electric system since 1893. RMU serves Rochelle, the neighboring communities of Creston and Hillcrest and the surrounding rural areas within a five- to six-mile radius of Rochelle. RMU’s service area encompasses an area of approximately 100 square miles. The population of this service area is estimated to be in excess of 20,000.

Under the supervision and direction of the Mayor and City Council, Rochelle’s electric system is administered by RMU, a department within the City of Rochelle. RMU is administered by a General Manager who is appointed by and under the direction and supervision of the City Manager. A Utility Advisory Board was created by Rochelle for the purpose of advising the City Council on all matters relating to the electric system along with Rochelle’s water, wastewater and communications systems. The Utility Advisory Board is appointed by the City Council and consists of six members, three serving a two-year concurrent term and three serving a three-year concurrent term.

RMU serves approximately 7,000 retail customers. RMU is connected to the Commonwealth Edison Company (“ComEd”) system in two locations which are approximately one mile apart. The Caron Road substation is fed through a 138 kV transmission line to ComEd at a location 6.3 miles south of Rochelle in Steward, Illinois. RMU’s second substation, known as the Twombly Road substation, is fed through a 12 mile 138 kV transmission line to a separate location also in Steward, Illinois. Both transmission lines are owned by RMU. For reliability purposes, RMU has constructed a 3-mile 138 kV line which extends due north from the Caron Road substation to provide a redundant feed to the Twombly Road substation.

RMU owns eight diesel generation units with an aggregate nameplate rating of 18,300 kW, two peaking generators with a combined nameplate rating of 5,000 kW and a gas turbine with a nameplate rating of 4,200 kW. These units are located at two sites within the corporate limits of Rochelle, and the units are interconnected with Rochelle’s distribution system. Since the variable production costs for RMU’s generating units are currently higher than market prices, RMU uses its units for seasonal peaking and standby service. RMU operates in the PJM Interconnection (“PJM”) control area. RMU contracts with the Indiana Municipal Power Agency (“IMPA”) to manage and schedule RMU’s electric resources in the PJM energy market.

Rochelle has purchased all of its capacity and energy requirements to supplement the capacity and energy delivered by NIMPA from the Prairie State Project through May 2012. After NIMPA commences delivery of power and energy, RMU will continue to purchase the remaining portion of its energy and capacity requirements not provided by NIMPA under the Power Sales Agreement. RMU has obtained all necessary permits and approvals for the operation of its electric system. There is currently no environmental litigation pending or threatened in connection with the RMU's electric system.

Projected Capital Additions

Current estimates indicate that Rochelle's electric department will invest approximately \$18 million in capital improvements for its current electric system over the next 5 years. RMU expects to pay for the capital improvements from RMU's operating reserves. RMU, acting independently or through NIMPA, may additionally seek an ownership interest in one or more additional generating facilities.

Electric Rates

The authority for the establishment of rates and charges for the various services provided by RMU's electric system is vested exclusively in the City Council. Although such rates are fixed by ordinance of the City Council, the Utility Advisory Board may request by resolution, from time to time as it deems necessary, that Rochelle revise the then prevailing schedule of rates. Duly established electric rates are not subject to review or approval by any administrative agency of the State of Illinois or any other government agency.

RMU last increased its residential rates in August 1994. Incorporated in each schedule of electric rates is a "power cost adjustment" which automatically adjusts the charge for each kWh of power used to reflect RMU's cost of fuel or purchased power which exceeds the amount designed in the rates. The current monthly cost for a residential customer using 750 kWh in the summer months is approximately \$60.

Electric System Requirements

**Historical Peak Load and Energy Requirements
Fiscal Year Ending April 30**

<u>Year</u>	<u>Peak Load (MW)</u>	<u>Total Energy Requirements (MWh)</u>
2006	45	229,633
2007	45	243,027
2008	49	275,096
2009	45	278,065
2010	51	306,025

Rochelle has experienced steady growth in its peak load and energy requirements over the last five years as a result of new, and the expansion of existing, industrial customers. The variation in the number of summer season cooling degree days incurred in each annual period also impacts Rochelle's system peak load and energy requirements.

Customer Information

Customers by Class Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	5,889	5,917	5,934	5,926
Commercial	976	981	1009	1023
Industrial	24	28	23	25
Other	<u>85</u>	<u>75</u>	<u>77</u>	<u>79</u>
Total Customers	<u>6,974</u>	<u>7,001</u>	<u>7,043</u>	<u>7,053</u>

Energy Sales (MWh) by Class Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>
Residential	49,721	51,424	49,273	46,273
Commercial	48,443	48,086	52,600	48,808
Industrial	125,635	155,300	155,500	190,000
Other	<u>6,210</u>	<u>6,699</u>	<u>4,900</u>	<u>6,295</u>
Total Retail Sales	<u>230,009</u>	<u>261,509</u>	<u>262,273</u>	<u>291,368</u>

Energy Revenues (\$'s in 1,000s) by Class Fiscal Year Ending April 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010*</u>
Residential	\$ 4,634	\$ 4,909	\$ 5,540	\$ 5,281
Commercial	4,084	4,569	5,480	5,556
Industrial	7,740	10,513	13,250	16,177
Other	<u>507</u>	<u>582</u>	<u>615</u>	<u>685</u>
Total Retail Sales	<u>\$ 16,965</u>	<u>\$ 20,573</u>	<u>\$ 24,885</u>	<u>\$ 27,699</u>

* Industrial load increase a result of adding three new major companies in 2010 – All State, Northern Trust and IRE.

Financial Condition

The following Condensed Balance Sheet and Condensed Statement of Operations for the last four fiscal years have been prepared by NIMPA. The financial statements are based upon audited financial statements. Copies of RMU’s last audited financial statements may be obtained by submitting a written request to the City of Rochelle, Finance Manager, 333 Lincoln Highway, Rochelle, Illinois, 61068.

**Condensed Balance Sheet (\$s in 1,000s)
Fiscal Year Ending April 30**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Utility Plant	\$ 33,110	\$ 33,598	\$ 35,674	\$ 34,331
Cash and Investments	10,396	13,963	12,696	14,264
Other Assets	5,527	4,656	5,514	6,904
Total Assets	<u>\$ 49,033</u>	<u>\$ 52,217</u>	<u>\$ 53,884</u>	<u>\$ 55,499</u>
Equity	\$ 29,894	\$ 33,277	\$ 35,707	\$ 38,696
Revenue Bonds Payable, non-current.....	15,658	14,900	14,162	13,350
Other Liabilities.....	3,481	4,040	4,015	3,453
Total Liabilities and Equity	<u>\$ 49,033</u>	<u>\$ 52,217</u>	<u>\$ 53,884</u>	<u>\$ 55,499</u>

**Condensed Statement of Operations (\$s in 1,000s)
Fiscal Year Ending April 30**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Sales of Electricity.....	\$ 16,965	\$ 20,573	\$ 24,985	\$ 27,550
Other Operating Revenues	134	174	161	195
Total Operating Revenues	<u>17,099</u>	<u>20,747</u>	<u>25,146</u>	<u>27,745</u>
Net Purchased Power Expense	8,033	11,293	15,551	17,099
Other Operating Expenses.....	3,574	3,494	3,787	4,059
Subtotal-Operating Expenses.....	<u>11,607</u>	<u>14,787</u>	<u>19,338</u>	<u>21,158</u>
Net Operating Income.....	<u>5,492</u>	<u>5,960</u>	<u>5,808</u>	<u>6,587</u>
Depreciation	(1,547)	(1,534)	(1,630)	(2,009)
Other Revenues (Expenses).....	(460)	(334)	(530)	(422)
Loss on Retirement of Steam Plant ⁽¹⁾	(48)	0	0	0
Transfer to City	(735)	(831)	(1,224)	(1167)
Net Income	<u>\$ 2,702</u>	<u>\$ 3,261</u>	<u>\$ 2,424</u>	<u>\$ 2,989</u>
Beginning Equity, Jan. 1	\$ 27,090	\$ 29,894	\$ 33,277	\$ 35,707
Net Income	2,702	3,261	2,424	2,989
Other transfers and adjustments	102	122	6	0
Ending Equity	<u>\$ 29,894</u>	<u>\$ 33,277</u>	<u>\$ 35,707</u>	<u>\$ 38,696</u>
Net Cash from Operations⁽¹⁾	<u>\$ 4,297</u>	<u>\$ 4,795</u>	<u>\$ 4,054</u>	<u>\$ 4,998</u>

⁽¹⁾ In 2004, RMU disposed of an existing steam plant facility. RMU wrote off certain associated capital assets in 2004 through 2007. Because of the non-cash nature of these expenses, these amounts were added back to net income in determining net cash from operations.

Litigation

There is no material pending litigation, in which Rochelle or RMU is a party and which would adversely affect the operations of RMU.

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Summary of Certain Provisions of the Power Sales Agreements

The following is a summary of certain provisions of the Power Sales Agreements entered into between NIMPA and each of the Project Participants. This summary is not to be considered a full statement of the terms of such Power Sales Agreements and accordingly is qualified by reference thereto and subject to the full text thereof. Capitalized terms not defined in this Appendix have the meanings set forth in the Power Sales Agreements.

Definitions

As used in this Appendix, the following terms shall have the meanings set forth below:

"Additional Bonds" shall mean Bonds issued to finance the construction or acquisition of Additional Facilities or for any other purpose as permitted by the Indenture.

"Additional Facilities" means the ownership interest of NIMPA in, or rights or obligations with respect to any renewals, replacements, repairs, additions, betterments, modifications or improvements to the Prairie State Project, for which NIMPA shall be responsible by virtue of any obligation of NIMPA arising out of the Project Agreements.

"Annual Budget" shall mean the budget adopted by the Board of NIMPA pursuant to the Power Sales Agreements.

"Asset Purchase Agreement" means that certain Asset Purchase Agreement dated as of February 9, 2005, among NIMPA and the other buyers of the Prairie State Project named therein, as amended and supplemented from time to time.

"Billing Period" means such period of time as provided in the Power Sales Agreements for the preparation, calculation and billing of the amounts payable by the Participants under the Power Sales Agreements.

"Board" means the Board of Directors of NIMPA.

"Bond" or "Bonds" means any bond or bonds, notes, bank loans, commercial paper or other evidences of indebtedness authenticated and delivered under any Financing Documents.

"Bond Counsel" means counsel of recognized standing in the field of law relating to municipal bonds selected by NIMPA.

"Capacity" means the net electrical generating capability of the Prairie State Project from time to time, or Firming Capacity as applicable, both as measured at the Project Delivery Point.

"Coal Reserves" means the coal reserves that are jointly owned by NIMPA and the other Prairie State Project co-owners.

"Contract Year" means the Fiscal Year of NIMPA, except that the first Contract Year shall commence on the effective date of the Power Sales Agreements. In the event NIMPA changes its Fiscal Year, the Contract Year shall, without further action, be amended to mean such Fiscal Year.

"Costs of Acquisition and Construction" means NIMPA's costs, expenses and liabilities paid or incurred or to be paid or incurred by NIMPA in connection with the planning, engineering, designing, acquiring (by purchase, lease or otherwise), constructing, installing, financing, operating, maintaining, retiring, decommissioning and disposing of the Prairie State Project or any part thereof. Costs of Acquisition and Construction may include, to the extent permitted by law:

- (1) the cost of obtaining of all governmental approvals, certificates, permits and licenses with respect to the Prairie State Project,
- (2) any good faith or other similar payment or deposits required in connection with the purchase or construction of any part of the Prairie State Project,
- (3) the cost of acquisition by or for NIMPA of real and personal property or any interests therein,
- (4) the costs of acquisition and construction of all or part of the Prairie State Project and costs of NIMPA incidental to such construction or acquisition,
- (5) the cost of acquisition of coal reserves or other fuel inventory,
- (6) all costs relating to injury and damage claims relating to construction of the Prairie State Project,
- (7) the cost of any indemnity or surety bonds and premiums on insurance during the construction period,
- (8) preliminary investigation and development costs, engineering fees and expenses,
- (9) legal and financial advisory fees and expenses, including legal fees incurred pursuant to the Joint Defense Agreement,
- (10) financing costs, including, without limitation, bank commitment and letter of credit fees, bond insurance, surety, indemnity or other credit enhancement premiums, fees and payments relating to Hedge Agreements, underwriters fees, rating agency fees and expenses and fees and expenses of the Fiduciaries,
- (11) administration and general overhead expense and costs of keeping accounts and making reports required by the Financing Documents prior to or in connection with the construction and acquisition of the Prairie State Project,
- (12) amounts, if any, required by the Financing Documents to be paid from the proceeds of Bonds or Obligations to provide, among other things, for interest accruing on Bonds or amounts owed with respect to Obligations,
- (13) amounts, if any, to be deposited into the Debt Service Reserve Fund; or any other fund or account required by the Financing Documents for any of the respective purposes thereof,
- (14) payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any Bonds, or amounts owed with respect to Obligations,
- (15) initial deposits to a working capital fund and any other Project Reserve Account,
- (16) all federal, state and local taxes and payments in lieu of taxes legally required to be paid in connection with any part of the Prairie State Project, and
- (17) reimbursements to NIMPA for any of the above items theretofore paid by or on behalf of NIMPA.

"Debt Service" for any period shall mean, the aggregate of the amounts required to be paid during said period into any fund or account(s) created by the Indenture or any other Financing Document for the purpose of paying the principal together with any related contractual obligations of, and premium, if any, and interest on all outstanding Bonds as the same shall become due.

"Debt Service Fund" shall mean the Debt Service Fund established in the Indenture.

"Debt Service Reserve Fund" shall mean the Debt Service Reserve Fund established in the Indenture.

"Defaulting Participant" shall be a Participant that has committed a Payment Default that has continued for at least five (5) days and is continuing.

"Delivery Point" means, the point of interconnection between the Project Participant's electric utility system and the transmission facilities of the applicable control area utility as set forth in the appendices of the respective Power Sales Agreement.

"Development Agreement" means that certain Project Development Agreement dated as of February 9, 2005, among NIMPA and the other Unaffiliated Participants (as defined therein) as amended and supplemented from time to time.

"Effective Date" means the date on which the Power Sales Agreements become effective.

"Energy" shall mean the electric energy generated by the Prairie State Project.

"Entitlement Share" means, with respect to each Participant, that Participant's Entitlement Share Percentage of the nominal Capacity (expressed in megawatts) and associated Energy (expressed in megawatt hours) derived from NIMPA's Percentage Ownership Interest in the Prairie State Project.

"Entitlement Share Percentage" means with respect to each Participant, the percentage set forth in the Power Sales Agreements, as the same may be revised from time to time.

"Fiduciary" or "Fiduciaries" shall mean any trustee, paying agents, bond registrar, escrow agent or any or all of them, as may be appropriate.

"Financing Documents" means any loan agreement, the Indenture, any bond resolutions, trust agreements, agreements with providers of credit facilities or Hedge Agreements, or other instrument or instruments providing for issuance of and the security for the Bonds and Obligations and all amendments and supplements of such agreements.

"Firming Capacity" shall mean any capacity whether purchased by contract or owned by NIMPA necessary to ensure the delivery of Replacement Energy in accordance with the Power Sales Agreements.

"Fiscal Year" means the twelve-month period established by NIMPA from time to time as its fiscal year.

"Hedge Agreement" means any financial arrangement entered into by NIMPA with respect to any Bonds for the purpose of moderating interest rate fluctuations or any other purpose which is any of the following, or any combination thereof or any option with respect thereto: a interest cap, floor or collar, forward rate, future rate, interest rate swap, basis swap or other such exchange or rate protection transaction agreement or other similar transaction, however designated.

"Indenture" shall mean the trust indenture between NIMPA and the Trustee, as from time to time amended or supplemented.

"Initial Facilities" shall mean NIMPA's Percentage Ownership Interest in the Prairie State Project, including the coal fired generating facility, the coal mine, the coal reserves, the coal waste disposal facility and any real property or real property rights ancillary thereto, all as further described in the Participation Agreement or other agreements.

"Joint Defense Agreement" means the joint defense agreement executed by NIMPA, Prairie State Generating Company LLC, and other co-owners of the Prairie State Project on February 9, 2005.

"Management Committee" has the meaning specified in Section 2.2.3 of the Participation Agreement.

"Monthly Availability Costs" means Monthly Power Costs, Monthly Transmission Costs and Monthly Firming Costs.

"Monthly Firming Costs" shall mean with respect to each month of each Contract Year, all costs (other than Replacement Energy Costs) attributable to providing Firming Capacity to the Participants.

"Monthly Power Costs" shall mean, with respect to each month of each Contract Year, all costs (other than Project Energy Costs) attributable to the Prairie State Project, to the extent not paid from the proceeds of Bonds (including income from investment of such proceeds) incurred by NIMPA during such month resulting from the ownership, operation, maintenance, termination and retirement from service of and repairs, renewals, replacements, additions, improvements, betterments and modifications to, the Prairie State Project, including without limitation, the following items of cost:

- (1) the amount required under the Indenture to be paid or deposited during such month into any fund or account established by the Indenture for the payment of Debt Service on Bonds;
- (2) the amount required under the Indenture to be paid or deposited during such month into any fund or account established by the Indenture (other than funds and accounts referred to in clause (1) above), including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (1) above;
- (3) any additional amount which must be realized by NIMPA during such month in order to meet the requirement of any rate covenant of the Indenture with respect to Debt Service coverage or which NIMPA deems advisable in the marketing of its Bonds;
- (4) any amount which NIMPA may be required to pay during such month for the completion of the Initial Facilities, prevention or correction of any unusual loss or damage or for Additional Facilities which are required under the Participation Agreement or which are necessary to keep the Prairie State Project in good operating condition and to the extent that (a) funds for such payment are not available to NIMPA from any funds in any Project Reserve Account or accounts established under the Indenture designated for such purpose or (b) funds for such payment are not provided by the issuance of Additional Bonds;
- (5) any amount which the Board, upon recommendation from the Prairie State Project Committee, has determined to be paid or deposited during such month into any Project Reserve Account;
- (6) the costs of operating and maintaining the Prairie State Project during such month including certain costs allocable to the mining, processing and storage of coal excluding all expenses designated as Variable Operating Expenses pursuant to the Participation Agreement;
- (7) all costs incurred or associated with the discontinuance and disposition or sale of properties required to be paid by NIMPA in accordance with the Participation Agreement including, but not limited to, all of NIMPA's accrued costs and liabilities resulting from NIMPA's ownership, acquisition, construction, operation, maintenance and renewals and replacements of the Prairie State Project;
- (8) all costs and expenses relating to injury and damage claims required to be paid by NIMPA pursuant to the Participation Agreement or otherwise in connection with the operation of the Prairie State Project;
- (9) an equitably allocated portion of NIMPA's general and administrative expenses which are properly chargeable to the Prairie State Project;

- (10) all amounts required to be paid during such month pursuant to any other Financing Document including but not limited to amounts required to be paid with respect to Obligations; and
- (11) any additional amount (excluding Monthly Firming Costs, Monthly Transmission Costs, Project Energy Costs, Replacement Energy Costs and Transmission Usage Costs) which must be paid by NIMPA during such month under the Participation Agreement or any other costs incurred by NIMPA during such month which are properly chargeable to the Prairie State Project and are not included in the costs specified in the other items of this definition.

"Monthly Transmission Costs" shall mean, with respect to each month of each Contract Year, all costs (excluding Transmission Usage Costs) attributable to the transmission and delivery of Energy to the Delivery Point. Monthly Transmission Costs include without limitation, costs for access to transmission, financial transmission rights (FTRs) and other periodic fees and charges associated with the provision of transmission service.

"Monthly Usage Costs" means Project Energy Costs, Replacement Energy Costs and Transmission Usage Costs.

"Obligations" mean the obligations of NIMPA, other than Bonds, under the Financing Documents, including but not limited to Hedge Agreements and Credit Facilities.

"Operating Budget" has the meaning defined in the Participation Agreement.

"Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund established pursuant to the Indenture.

"Ownership Interest" means the individual undivided interest of Prairie State Project co-owners, including NIMPA, as a tenant-in-common. Ownership Interest includes all of the rights of a Prairie State Project co-owner, including all of the rights provided for in the Participation Agreement.

"Participant" or "Participants" mean all Members that have entered into a Power Sales Agreement with NIMPA with respect to the Prairie State Project.

"Participation Agreement" means the participation agreement entered into by NIMPA, Prairie State Generating Company LLC, and other co-owners of the Prairie State Project, as amended and supplemented from time to time.

"Payment Default" shall have the meaning defined in the respective Power Sales Agreements, and as described in this APPENDIX C under the caption "Defaults and Remedies".

"Percentage Ownership Interest" means the Ownership Interest of NIMPA as it is defined, and as it may change from time to time, in accordance with the Participation Agreement.

"Prairie State Project" shall mean the mine mouth, pulverized coal-fueled power generating facility being developed by the Prairie State Generating Company LLC at a site in Washington County, Illinois, the Coal Reserves and related contractual arrangements including arrangements and agreements for the transmission and firming of the Participants' Entitlement Shares, and shall include the Initial Facilities and the Additional Facilities.

"Prairie State Project Committee" shall mean the committee formed by resolution of NIMPA for development, coordination and monitoring of Prairie State Project related activities and consisting of one designee from each Participant.

"Project Agreements" means any agreement, in conjunction with the Participation Agreement, entered into with any person in connection with the development, construction, operation or maintenance of all or any portion of the Prairie State Project including but not limited to the following agreements:

- (1) the Asset Purchase Agreement;
- (2) the Development Agreement;
- (3) all construction contracts;
- (4) all equipment supply contracts;
- (5) any interconnection agreement entered into with any transmission company to provide for the transmission of Energy from the plant to the Delivery Point;
- (6) water supply agreement;
- (7) plant operation and maintenance agreement;
- (8) mine operation and maintenance agreement; and
- (9) operating agreements.

"Project Delivery Point" means the physical point(s) of the Prairie State Project's interconnection with the transmission system as more fully described in the Participation Agreement.

"Project Energy Costs" means those costs which vary with the amount of Energy produced from time to time, including without limitation costs allocated to fuel burned or consumed during any period, costs related to disposal of wastes directly relating to production of Energy, costs for water, water treatment and reactant and any other costs incurred under the Participation Agreement which are designated Variable Operating Expenses therein.

"Project Energy Percentage Share" means for each Participant during a Billing Period, the percentage that is (i) the amount of Energy scheduled by the Participant, divided by (ii) the amount of Energy scheduled by all Participants.

"Project Reserve Accounts" shall mean a working capital fund and any other fund or account related to the Prairie State Project established for the purpose of paying extraordinary Prairie State Project related costs, providing rate stabilization, accruing for major maintenance, costs or Additional Facilities or for cash flow management or such other purposes pursuant to a policy approved by the Board upon recommendation of the Prairie State Project Committee.

"Project Rights" shall mean all rights and privileges of a Participant under its Power Sales Agreement, including but not limited to its right to schedule Capacity and/or Energy from the Prairie State Project and its right to vote on the Prairie State Project Committee.

"Refunding Bonds" shall mean all Bonds issued for the purpose of redeeming or defeasing, whether legally or economically, any previously issued Bonds.

"Replacement Energy" shall mean all energy provided to Participants by NIMPA from a source other than the Prairie State Project, in accordance with the Power Sales Agreements.

"Replacement Energy Costs" shall mean those costs which vary with the amount of Replacement Energy provided to a Participant by NIMPA.

"Replacement Energy Percentage Share" shall mean for each Participant during a Billing Period, the percentage that is (i) the amount of Replacement Energy scheduled by the Participant, divided by (ii) the amount of Replacement Energy scheduled by all Participants.

"Revenue Fund" means the fund by that name established by the Indenture.

"Scheduled Energy" means the portion of Energy scheduled by NIMPA pursuant to Article 7 of the Participation Agreement.

"Scheduling Procedures" means those standards, procedures and criteria determined by NIMPA or its designated agent from time to time with respect to the operation of the Prairie State Project.

"Step Up Invoice" shall mean an invoice sent to a non-defaulting Participant as a result of one or more Payment Defaults, which invoice shall separately identify any amount owed with respect to the monthly invoice provided for one or more Defaulting Participants pursuant to the respective Power Sales Agreements.

"Tax Exempt Bonds" means those Bonds on which the interest has been determined on the date of issuance, in the opinion of Bond Counsel, to be excludable from gross income for federal income tax purposes.

"Total Costs" mean Monthly Availability Costs, Monthly Usage Costs, and Costs of Acquisition and Construction.

"Transmission" means service required to transmit the Participants' scheduled Energy from the Project Delivery Point to the Delivery Point.

"Transmission Usage Costs" shall mean with respect to each month of each Contract Year, all costs (other than Monthly Transmission Costs) attributable to the transmission and delivery of Scheduled Energy or Replacement Energy to the Participants' Delivery Point(s) under any transmission contracts, transmission agreements and transmission arrangements which are directly related to the amount energy delivered during any period. Transmission Usage Costs shall include all losses from the Project Delivery Point to the Participants' Delivery Point(s) and shall be measured independently for each Participant.

"Trustee" shall mean the corporate trustee serving under the Indenture from time to time.

Term

Each of the Power Sales Agreements will become effective upon the occurrence of the execution of all of the Power Sales Agreements by NIMPA and the Participants (the "Effective Date"), and will, unless terminated pursuant to the terms thereof, continue for a period ending on the earlier of (i) the day which is fifty years from the Effective Date or (ii) the later of the following dates (a) the date on which the principal of, premium, if any, and interest on all Bonds have been paid or sufficient funds have been sufficiently set aside for the full defeasance of such Bonds and all other obligations of NIMPA under the Financing Documents have been paid or satisfied, all in accordance with the Financing Documents; (b) the date the Prairie State Project is retired; or (c) the date on which NIMPA elects to terminate its interest in the Project Development Agreement or the Project Development Agreement is otherwise terminated in accordance with its terms; or (d) the date NIMPA's Ownership Interest in the Prairie State Project is terminated pursuant to the Participation Agreement.

Purchase and Sale of Capacity and Energy

From and after the Effective Date, NIMPA shall sell, and the Project Participants shall purchase, the respective Project Participants' Entitlement Share.

In consideration of the purchase of its Entitlement Share, the Project Participants shall pay to NIMPA in each Billing Period its respective share of Total Costs.

Except as otherwise provided by the Power Sales Agreements and subject to the provisions of the Project Agreements, Energy allocable to the Project Participants' Entitlement Share shall be made available in accordance with the applicable Power Sales Agreement during its term. NIMPA will use its best efforts, consistent with the Participation Agreement, to arrange for any planned interruption or reduction in Prairie State Project output to be

scheduled at a time which will cause the least interference with the operation of Project Participants' electric system. The Project Participants acknowledge and agree that deliveries of the Energy allocable to a Project Participants' Entitlement Share are not firm and are contingent upon operation of the Prairie State Project, availability of transmission and other factors. Non-Delivery of Energy under the Power Sales Agreements for any reason whatsoever (i) shall not relieve the Project Participants from their obligation to make their payments under the applicable Power Sales Agreement; and (ii) shall not impose any liability upon NIMPA for any direct or consequential damages suffered by the Project Participants.

Once the Prairie State Project is operable and to the extent that Prairie State Project output is curtailed for any reason, NIMPA shall provide Firming Capacity and Replacement Energy to the Project Participants from alternative resources. The Project Participants shall pay for this firming service through (a) a Monthly Firming Charge and (b) to the extent Replacement Energy is scheduled, Replacement Energy Costs.

Billing Periods, Billing and Payment

NIMPA shall invoice the Project Participants for all charges under the Power Sales Agreements on a calendar month basis. NIMPA shall make a reasonable effort to issue invoices as early as possible during the month following the calendar month to which the invoice applies. Any amounts invoiced to the Project Participants will be accompanied by reasonable supporting documentation. The monthly invoice shall be based on monthly amounts for Monthly Availability Costs, Project Energy Costs, Replacement Energy Costs and Transmission Usage Costs, as determined by and included in the Annual Budget. Each Project Participant shall be invoiced for:

- (1) Monthly Availability Costs based on the Project Participant's Entitlement Share Percentage;
- (2) Project Energy Costs based on the Project Participant's Project Energy Percentage for such billing period;
- (3) Replacement Energy Costs based on the Project Participant's Replacement Energy Percentage for such period; and
- (4) Transmission Usage Costs allocable to delivery of Energy or Replacement Energy to the Project Participant's Delivery Point for such period.

In the event any portion of a billing statement for any Billing Period received by the Project Participants is disputed by the Project Participants, the Project Participants shall pay NIMPA the full amount of such statement and shall give written notice of the dispute to NIMPA. Such notice shall identify the disputed invoice, state the amount in dispute and set forth a full statement of the grounds on which such dispute is based. NIMPA shall give consideration to such dispute and shall advise the Project Participants with regard to its position relative thereto within 30 days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication or otherwise) of the correct amount, any difference between such correct amount and such full amount shall be properly reflected in the statement next submitted to the Project Participants after such determination.

The obligation of the Project Participants to make payments under the applicable Power Sales Agreement is a several obligation and not a joint obligation with respect to any other Project Participant. Neither the full faith and credit nor the taxing power of the Project Participants is pledged to the payments to be made by the Project Participants under the applicable Power Sales Agreement. The Project Participants' obligation to make payments under the applicable Power Sales Agreement shall not constitute a general obligation of the Project Participants or indebtedness of the Project Participants for the purpose of any statutory limitation, but shall constitute a limited obligation of the Project Participants payable from and secured by a pledge of, and lien and charge upon, the revenues of the Project Participants' electric system as an expense of operation and maintenance of the Project Participants' electric system. Such payments shall be made whether or not the Prairie State Project or any portion of the Prairie State Project is acquired, completed, operable or operating and notwithstanding the suspension, interruption, interference reduction or curtailment of Project Capacity and Energy, or any termination of any of the Project Agreements, for any reason whatsoever, in whole or in part. The obligations of the Project Participants to

make such payments shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not be conditioned upon the performance by NIMPA under the Power Sales Agreements or any other agreement or instrument.

Point of Delivery; Metering

Project Capacity and Energy under the Power Sales Agreements shall be alternating current, three (3) phase, sixty (60) Hertz. Project Capacity and Energy under the Power Sales Agreements shall be delivered at the Delivery Point as specified in the respective Power Sales Agreements. It is acknowledged that the Project Participants must arrange for any service necessary to transmit Capacity and Energy from its respective Delivery Point to any other point, and failure of a Project Participant to make such an arrangement shall not relieve a Project Participant from its obligations under the applicable Power Sales Agreement.

The Project Participants agree to cooperate with NIMPA as necessary to meet its metering obligations.

If NIMPA incurs costs in obtaining equipment or services necessary for metering, maintenance of specific power factors, or other matters related to delivery of Capacity and Energy to the Project Participants under the applicable Power Sales Agreement, NIMPA reserves the right to levy a charge to the Project Participants to recover such costs.

Insurance

NIMPA, together with other Prairie State Project co-owners shall maintain, or cause to be maintained, insurance with responsible insurers, with policies against risk of direct physical loss and damage or destruction, consistent with the Insurance Plan as defined in the Participation Agreement, or as may be amended from time to time by the Management Committee. It is acknowledged that when the Prairie State Project becomes operable premiums payable under the Insurance Plan shall constitute an operating expense and NIMPA will include its allocable share in Monthly Power Costs.

Project Participant Covenants

The Project Participants covenant and agree that payments under the applicable Power Sales Agreement are obligations of the applicable Project Participant (i) payable as an operating expense of such Project Participants' electric system solely from revenues of its electric system, and (ii) payable, together with all other operation and maintenance expenses, as a first charge on the revenues of its electric system, prior to payment of any debt service on bonds, notes or other evidences of indebtedness or obligations on lease agreements which are payable from such revenues.

The Project Participants agree to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services, facilities, and commodities, sold, furnished or supplied through its electric system sufficient to provide revenues adequate to meet its obligations under the applicable Power Sales Agreement and to pay other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of and interest on all bonds, notes or other evidences of indebtedness payable from the revenues of the applicable Project Participant's electric system and, to the extent being paid from revenues of such electric system, all general obligation bonds of the applicable Project Participant issued for purposes related to its electric system.

The Project Participants covenant to maintain their electric system in good repair in accordance with Good Utility Practice, to cooperate with NIMPA, and keep accurate records and accounts.

The Project Participants shall at all times comply with all terms, covenants and provisions of all utility contracts to which they are a party and shall promptly collect all charges due for electric power and energy supplied by the Project Participants as the same becomes due.

The Project Participants shall not sell, lease or otherwise dispose of all or substantially all of their electric system (a "Disposition"), nor shall the Project Participants assign all or any part of their respective Entitlement Share or any or all of its interests under the Power Sales Agreement (an "Assignment"), except upon the approval of the Prairie State Project Committee. For purposes of such approval, the Project Participants seeking the approval shall not have a voting right and shall have provided NIMPA with written notice of such proposed Disposition or Assignment at least one hundred twenty (120) days prior to the intended effective date of such Disposition or Assignment. Upon satisfaction of certain conditions in the Power Sales Agreement, the Prairie State Project Committee shall approve a proposed Disposition and a related Assignment. If the Project Participant is proposing an Assignment not related to a Disposition, the approval of such Assignment is at the discretion of the Prairie State Project Committee, which approval shall not be unreasonably withheld or delayed.

The Project Participants shall not use or permit to be used any of the Capacity and Energy acquired under the applicable Power Sales Agreement, or to operate its system in any manner or for any purpose, or take or omit to take any action which could, either alone or in conjunction with any other similar actions by the Project Participants, result in loss of the exclusion from gross income for federal income tax purposes of the interest on any Tax Exempt Bonds issued or to be issued by NIMPA. The Project Participants covenant that, prior to entering into any contract whereby a person agrees to take, or take or pay for, the Capacity or Energy acquired under the Power Sales Agreement, the Project Participants shall notify NIMPA of its intent to enter into such contract. Further, the Project Participants covenant and agree that, prior to entering into any contract for the management of its electric system, the Project Participants shall notify NIMPA of its intent to enter into such contract. As soon as practicable after receipt of such notices, NIMPA shall advise the Project Participants as to whether, in the opinion of Bond Counsel, the entering into of such contracts would result in a loss of the exclusion from gross income for federal income tax purposes of interest on any Tax Exempt Bonds. The Project Participants agree that if NIMPA advises the Project Participant that such loss of exclusion may result, the Project Participant will not enter into such contracts.

Pledge of Payments

All payments required to be made by the Project Participants pursuant to the applicable Power Sales Agreements, together with other revenues of NIMPA attributable to the Prairie State Project, may be pledged by NIMPA pursuant to the Financing Documents to secure payment of the Bonds and the Obligations.

Defaults and Remedies

Failure of any Project Participant to make any payment to NIMPA when due shall constitute an immediate default ("Payment Default") on the part of such Project Participant. NIMPA shall give immediate notice (by electronic or other means) of any Payment Default to such Project Participant and all other Project Participants as soon as such Payment Default occurs.

In the event of a Payment Default, the Project Participant shall not be relieved of its liability for payment of the amounts in default and NIMPA shall have the right to recover from the Project Participant any amount in default. In enforcement of any such right of recovery, NIMPA may, either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of any covenant, agreement or obligation to make any payment for which provision is made in the Power Sales Agreements against the respective Project Participant.

In the event that a Payment Default continues for five (5) days, NIMPA shall provide written notice (by electronic or other means) to the Project Participant that as a result of a Payment Default it is a Defaulting Participant whose Project Rights are subject to discontinuance, termination and disposal in accordance with certain provisions of the applicable Power Sales Agreements. Written notice (by electronic or other means) of such continuing Payment Default shall be provided promptly by NIMPA to all other Project Participants and the Trustee.

Upon providing the written notice described in the preceding paragraph, NIMPA may temporarily suspend the Defaulting Participant's right to schedule Energy and/or Replacement Energy. The Defaulting Participant's Entitlement Share of Energy shall be made available to all non-defaulting Project Participants on a pro rata basis. Any non-defaulting Project Participant who schedules its allocation of a Defaulting Participant's Entitlement Share of Energy shall be billed monthly for the Project Energy Costs, Replacement Energy Costs and Transmission Usage

Costs associated with such Energy. The right to schedule a pro rata share of a Defaulting Participant's Energy shall continue until the earlier of (i) the Defaulting Participant shall have cured such Default or (ii) the Defaulting Participant's Entitlement Share shall have been permanently transferred or sold in accordance with the applicable Power Sales Agreements.

If at any time a Project Participant fails to cure a Payment Default within sixty (60) days from the date on which the Payment Default occurred, its Entitlement Share shall immediately and permanently be discontinued and terminated; provided, however, the Defaulting Participant's obligation to make payments under the Power Sales Agreements shall not be eliminated or reduced except to the extent provided therein. NIMPA shall provide to the Defaulting Participant a separate monthly invoice of such payment obligations, if any. NIMPA shall immediately notify each of the other Project Participants and the Trustee of such discontinuance and termination of a Defaulting Participant's Entitlement Share.

In the event a Defaulting Participant's Project Rights are discontinued and terminated as described above, NIMPA shall undertake or cause to be undertaken the following actions in the order indicated:

- (1) NIMPA shall offer to convey, transfer and assign to all non-defaulting Participants, a pro rata portion of the Defaulting Participant's Entitlement Share which shall have been discontinued. Any part of such Entitlement Share of a Defaulting Participant which shall be declined by any non-defaulting Project Participant shall be reoffered pro rata to the non-defaulting Project Participants which have accepted in full the first such offer. Such reoffering shall be repeated until such Defaulting Participant's Entitlement Share shall have been reallocated in full or until all non-defaulting Project Participants shall have declined to take any additional portion of such Defaulting Participant's Entitlement Share.
- (2) In the event less than all of a Defaulting Participant's Entitlement Share shall be accepted, NIMPA shall use its reasonable best efforts to sell the remaining portion of a Defaulting Participant's Entitlement Share for the remaining term of the applicable Power Sales Agreement to any person, firm, association or corporation, public or private; provided, however, that NIMPA shall make no such sales in such amounts, for such periods of time and under such terms and conditions as will cause the interest on any Tax Exempt Bonds to lose the exclusion from gross income for federal income tax purposes. The agreement for such sale shall contain such terms and conditions as will not adversely affect the security for the Bonds with respect to such Defaulting Participant, including provisions for discontinuance of service upon default, and such other terms as are otherwise acceptable to NIMPA. In the event of default and discontinuance of service under such agreement, the Entitlement Share sold pursuant to such agreement shall be offered and transferred as provided for Defaulting Participants in the Power Sales Agreements.
- (3) In the event that less than all of a Defaulting Participant's Entitlement Share shall be accepted or sold, NIMPA shall transfer, on a pro rata basis (based on the respective original Entitlement Shares of each of the Participants), to all non-defaulting Participants, the remaining portion of such Defaulting Participant's Entitlement Share.
- (4) Any portion of the Entitlement Share of a Defaulting Participant transferred pursuant to the Power Sales Agreements to a non-defaulting Participant shall become a part of and shall be added to the Entitlement Share of each transferee Participant. Upon such transfer, the Power Sales Agreements shall be automatically amended to reflect the change in each Participant's Entitlement Share Percentage. The transferee Project Participant shall be obligated to pay for its revised Entitlement Share as if the Entitlement Share of the transferee Project Participant had been at such revised level originally; provided, however, that in no event shall any transfer of any part of a Defaulting Participant's Entitlement Share result in a transferee Participant having an Entitlement Share Percentage in excess of 200% of its original Entitlement Share Percentage without the prior consent of the transferee Project Participant.

- (5) In the event that less than all of a Defaulting Participant's Entitlement Share shall be sold or transferred to non-defaulting Project Participants pursuant to the Power Sales Agreements, NIMPA shall use its reasonable best efforts to sell the remaining portion of a defaulting Project Participant's Entitlement Share or the Energy or Capacity associated therewith on such terms and conditions as are acceptable to NIMPA to any person, firm, association or corporation, public or private; provided, however, that NIMPA shall make no such sales in such amounts, for such periods of time and under such terms and conditions as will cause the interest on any Tax Exempt Bonds to lose their exclusion from gross income for federal income tax purposes.
- (6) A Defaulting Participant shall remain liable under its Power Sales Agreement with NIMPA in all events, except that the obligation of the Defaulting Participant to pay NIMPA shall be reduced to the extent that payments shall be received by NIMPA for that portion of the Defaulting Participant's Entitlement Share transferred or sold as provided in the Power Sales Agreement.

In the event of a failure of the Project Participant to perform any covenant, agreement or obligation under the respective Power Sales Agreement, other than a Payment Default, NIMPA may, in the event the performance of any such obligation under the respective Power Sales Agreement remains unsatisfied after 30 days' prior written notice thereof to such Participant and a demand to so perform, take any action permitted by law to enforce its rights under the respective Power Sales Agreement and/or bring any suit, action or proceeding at law or in equity as may be necessary or appropriate to recover damages and/or enforce any covenant, agreement or obligation against such Participant with regard to its failure to so perform.

Step Up Invoices; Default Payments; Third Party Revenues

Upon occurrence of a Payment Default, funds in any Project Reserve Account shall be used, to the extent necessary and to the extent available, to cover any deficiency in the Operation and Maintenance Fund and no amounts used for such deficiency shall be included in any Step Up Invoice.

With respect to a Payment Default by Project Participant, funds (or any surety bond or similar instrument) in the Debt Service Reserve Fund shall be used, to the extent necessary and to the extent available, to cover any shortfall in the Debt Service Fund. Amounts to replenish the Debt Service Fund or Debt Service Reserve Fund shall promptly be included in the Step Up Invoices sent to the non-defaulting Participants in accordance with the Power Sales Agreements.

Moneys received by NIMPA from the payment of Step Up Invoices shall be deposited in the Revenue Fund, and applied, to the extent necessary, to make up any shortfall in the Operation and Maintenance Fund, the Debt Service Fund or the Debt Service Reserve Account. Any additional funds shall be deposited in one or more Project Reserve Accounts. Failure by any Participant to pay less than the total amount of its Step Up Invoice when due shall be a Payment Default with respect to such Participant.

Moneys received by NIMPA from a Defaulting Participant for the payment of past due amounts shall be deposited in the Revenue Fund. NIMPA shall credit on each non-defaulting Participant's next monthly billing statement or billing statements an amount equal to the aggregate amount such non-defaulting Participant paid as a result of Step Up Invoices with respect to such past due amounts, plus a pro rata share, of the amount NIMPA received regarding late payment interest charges. In the event a Defaulting Participant pays less than the full amount of its Default Invoice, the credit to each non-Defaulting Participant shall be adjusted proportionately.

Moneys received by or on behalf of NIMPA from the sale of Capacity and/or Energy related to a Defaulting Participant's Entitlement Share shall be deposited into the Revenue Fund. NIMPA shall credit on each non-defaulting Participant's next monthly billing statement to the lesser of (i) a pro rata share of such sales or (ii), the aggregate amount paid to NIMPA by such non-defaulting Project Participant with respect to related Step Up Invoices. Following consultation with the non-defaulting Project Participants, NIMPA shall determine the disposition of any moneys received that are in excess of the aggregate amount of related Step Up Invoices paid by a non-defaulting Project Participant. The Defaulting Participant shall have no claim or right to any such moneys.

Covenants of NIMPA

As a co-owner of the Prairie State Project, NIMPA will participate in planning, financing, construction, acquisition, operation and maintenance of the Prairie State Project together with other Prairie State Project co-owners, and must comply with the requirements of the Project Agreements and Financing Documents, and it is agreed that the respective Power Sales Agreements are made subject to the terms and provisions of the Financing Documents, the Project Agreements and all related permits and approvals. Such participation shall be coordinated by the Prairie State Project Committee.

NIMPA covenants and agrees that it will act as Prairie State Project co-owner, as defined in the Project Agreements, for the benefit of the Project Participants purchasing Capacity and Energy associated with the Prairie State Project, and comply in all material respects with all terms, conditions and covenants applicable to it contained in the Financing Documents, the Project Agreements and associated permits and approvals and that it will not, without consent of the Project Participants, enter into any amendment or modification of the Financing Documents or Project Agreements which will change the Project Participants' Entitlement Share or which will materially or adversely affect the rights and obligations of the Project Participants, unless otherwise required by the Project Agreements or applicable law.

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Summary of Certain Provisions of the Indenture

The following is a summary of certain provisions contained in the Indenture. This summary is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

Definitions

“Accrued Debt Service” means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds, calculated as an amount equal to the sum of:

- (a) the interest on the Bonds of such Series that has accrued and is unpaid and that will accrue by the end of the then current calendar month; and
- (b) that portion of all Principal Installments due and unpaid and that portion of the Principal Installment for such Series next due and payable that would accrue (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

“Act” means the Joint Municipal Electric Power Act, 65 ILCS 5/Art. 11 Div 119.1 as amended from time to time.

“Additional Facilities” means, NIMPA's Undivided Interest in:

- (a) all renewals, repairs, replacements, extensions and additions to the Initial Facilities, including capital additions, capital betterments and capital replacements necessary or desirable, in the opinion of NIMPA, to keep the Prairie State Energy Campus in good operating condition or to prevent a loss of Revenues therefrom, or required by any governmental agency having jurisdiction over the Prairie State Energy Campus or for which NIMPA shall be responsible by virtue of any obligation of NIMPA arising under the Project Agreements; and
- (b) all property, real, personal or mixed, of any nature, including electric, substation and transmission facilities, directly and functionally related to the Initial Facilities; provided, however, that Additional Facilities shall not include any additional electric generating units located at the site of the Initial Facilities or elsewhere and related facilities other than common facilities.

“Agency Certificate” means a written certificate, written order or written request of NIMPA signed on behalf of NIMPA by an authorized officer representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, NIMPA with respect to matters set forth therein, and which certificate in each instance, including the scope, form, substance and other aspects thereof, is acceptable to the Trustee.

“Aggregate Debt Service” means for any period, as of the date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds Outstanding.

“Alternate Covered Bond” or “Alternate Covered Bonds” means all Series of Bonds with respect to which NIMPA has specified pursuant to the Indenture and the Supplemental Indenture authorizing such Series of Bonds that such Series of Bonds will be secured by the Alternate Series Debt Service Reserve Account in the Debt Service Reserve Fund.

“Alternate Series Debt Service Reserve Account Requirement” means, as of any date of calculation, and with respect to the Alternate Series Debt Service Reserve Account in the Debt Service Reserve Fund, an amount equal to 67% of the maximum Adjusted Aggregate Debt Service coming due on any series of Bonds secured thereby then Outstanding in the then current or any future Fiscal Year, excluding interest to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of NIMPA (including amounts, if any, transferred thereto from the Acquisition Fund).

“Alternate Series Debt Service Reserve Account” means the Alternate Series Debt Service Reserve Account in the Debt Service Reserve Fund created pursuant to the Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Annual Budget” means the annual budget established for NIMPA and approved and adopted by the Board of Directors of NIMPA, as amended or supplemented, and in effect for a particular Fiscal Year as provided in the Indenture, and which shall incorporate the Annual Project Budget.

“Annual Project Budget” means the annual budget established by NIMPA for the Project, which shall be included in the Annual Budget, as amended or supplemented, and in effect for a particular Fiscal Year as provided in the Indenture.

“Assumed Rate” means the rate set forth as in the 25 year Bond Buyer Revenue Bond Index most recently published in The Bond Buyer and any successor index at the time the relevant calculation is done; provided, that if such index is no longer published, the Assumed Rate shall be such a comparable index selected by NIMPA by notice to the Trustee.

“Balloon Bonds” means any Series of Bonds, other than a Series of Bonds that has a final maturity within 1 year of the original issue date of such Bonds, 25% or more of the original Principal Installments of which becomes due and payable (either by maturity or mandatory redemption), or may become due and payable or may be required to be purchased or redeemed upon demand of the holder, during the same Fiscal Year, if such Principal Installments becoming due and payable are not required to be amortized below such percentage by mandatory redemption or prepayment prior to such Fiscal Year.

“Board of Directors” means the Board of Directors of NIMPA, as constituted from time to time, or if said Board of Directors is abolished, such other body or bodies succeeding to the principal functions thereof or to whom the power and duties granted or imposed by the Indenture shall be given by law.

“Bondowner”, “Owner” or “Registered Owner” means the person in whose name any Bond is registered as shown on the bond register kept by the Trustee.

“Bonds” means bonds, notes or other obligations (other than Subordinated Bonds) authorized by and at any time issued, authenticated and Outstanding under the Indenture.

“Capital Appreciation Bonds” means any Bonds for which interest (a) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Series of Bonds, and (b) is payable only at the maturity of such Bonds, upon the redemption of such Bonds before maturity, or upon the conversion of such Bonds to Bonds with interest payable periodically in installments prior to maturity or prior to redemption or conversion before maturity.

“Common Debt Service Reserve Requirement” means, as of any date of calculation, with respect to the Covered Bonds, an amount equal to the least of (a) 10% of the aggregate original principal amount (or “issue price”, as computed for federal income tax purposes, if original issuance premium or discount is greater than 2%) of the Covered Bonds, (b) Maximum Annual Debt Service on the Covered Bonds, and (c) 125% of the average annual Debt Service on the Covered Bonds.

“Common Debt Service Reserve Account” means the Common Debt Service Reserve Account established in the Debt Service Reserve Fund in the Indenture.

“Costs of Acquisition and Construction” means all costs of NIMPA properly attributable to the acquisition, construction and placing in service of the Project and all expenses preliminary and incidental thereto incurred by NIMPA in connection therewith and in the issuance of the Bonds, including payment to NIMPA of any amounts, if necessary, to reimburse advances and payments previously made or incurred for any item of Costs of Acquisition and Construction.

“Covered Bond” or “Covered Bonds” means all Series of Bonds with respect to which NIMPA has specified pursuant to the Indenture and the Supplemental Indenture authorizing such Series of Bonds that such Series of Bonds will be secured by the Common Debt Service Reserve Account in the Debt Service Reserve Fund.

“Debt Service” means for any period, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of:

- (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into any Series Debt Service Account in the Debt Service Fund made from Bond proceeds with respect to such Series; and
- (b) that portion of each Principal Installment for such Series of Bonds which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later);

provided, however, that (1) the amount of such payments for any future period shall be calculated in accordance with the assumptions contained in the Indenture, and (2) there shall be excluded from such payments, cash, including proceeds of Refunding Bonds or other Bonds (e.g., accrued and capitalized interest), or Defeasance Obligations (including, where appropriate, the earnings or other increment to accrue thereon) that are on deposit in an irrevocable escrow or trust account with the Trustee and are required to be applied to pay all or a portion of the principal of and interest on, as the same shall become due, any Bonds which would otherwise be considered Outstanding and such amounts so required to be applied are sufficient to pay such principal and interest.

“Debt Service Reserve Requirements” means the Common Debt Service Reserve Requirement and the Series Debt Service Reserve Requirements.

“Defeasance Obligations” means:

- (a) Cash.
- (b) U.S. Treasury Certificates, Notes and Bonds.
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
- (d) The interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (e) Pre-refunded municipal bonds rated “Aaa” by Moody’s or “AAA” by S&P.
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

- (1) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
- (2) Farmers Home Administration (FmHA) Certificates of beneficial ownership
- (3) Federal Financing Bank
- (4) General Services Administration Participation certificates
- (5) U.S. Maritime Administration Guaranteed Title XI financing
- (6) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds;

provided that any such obligations described in (b) through (f) above are not subject to redemption prior to maturity or the date such obligations must be liquidated for their intended purposes.

“Event of Default” means any of the events specified as Events of Default in the Indenture.

“Fiscal Year” means the annual 12-month accounting period of NIMPA as from time to time in effect, initially a period commencing on January 1 of each year and ending on the next succeeding December 31.

“Fund” or “Funds” means one or more of the funds established pursuant to the Indenture, including the Project Fund, the Revenue Fund, the Operation and Maintenance Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Subordinated Bond Fund, the Rebate Fund, the Reserve and Contingency Fund and the General Reserve Fund, together with any additional funds established by a Supplemental Indenture.

“Indenture” means the Trust Indenture, dated as of August 1, 2007, between NIMPA and the Trustee, as from time to time amended and supplemented by Supplemental Indentures.

“Initial Facilities” means NIMPA's Undivided Interest in the Prairie State Energy Campus as set forth in the Asset Purchase Agreement.

“Investment Securities” means and includes any of the following securities which are at the time legal for investment of NIMPA's funds under applicable law and the investment policies adopted by the Board of Directors of NIMPA:

- (a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- (b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - (1) U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
 - (2) Farmers Home Administration (FmHA) Certificates of beneficial ownership

- (3) Federal Financing Bank
 - (4) Federal Housing Administration Debentures (FHA)
 - (5) General Services Administration Participation certificates
 - (6) Government National Mortgage Association (GNMA or “Ginnie Mae”)
 - GNMA - guaranteed mortgage-backed bonds
 - GNMA - guaranteed pass-through obligations
 - (not acceptable for certain cash-flow sensitive issues.)
 - (7) U.S. Maritime Administration Guaranteed Title XI financing
 - (8) U.S. Department of Housing and Urban Development (HUD)
 - Project Notes
 - Local Authority Bonds
 - New Communities Debentures - U.S. government guaranteed debentures
 - U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds
- (c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
- (1) Federal Home Loan Bank System Senior debt obligations
 - (2) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
 - Participation Certificates
 - Senior debt obligations
 - (3) Federal National Mortgage Association (FNMA or “Fannie Mae”)
 - Mortgage-backed securities and senior debt obligations
 - (4) Resolution Funding Corp. (REFCORP) obligations
 - (5) Farm Credit System Consolidated system wide bonds and notes
- (d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G, AAA-m, or AA-m, or by Moody's of Aaa, Aa1, or Aa2.
- (e) Securities of or other interest in any no load, open end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:
- (1) the portfolio of such investment company, investment trust or common trust fund is limited to obligations referenced in paragraphs (a), (b) or (c) above and repurchase agreements fully collateralized by such obligations;
 - (2) such investment company, investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian; and
 - (3) such investment company, investment trust or common trust fund is managed so as to maintain its shares at constant net asset value.

- (f) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be delivered to NIMPA, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- (g) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- (h) Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements which are (i) acceptable to the issuer or provider of a Qualified Credit Facility; (ii) entered into with a provider rated in the two highest Rating Categories by a Rating Agency (or the parent guarantor of which is so rated); (iii) rated in one of the two highest Rating Categories by a Rating Agency or (iv) collateralized as provided in clause (1) or (2) of subsection (l) below.
- (i) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P.
- (j) Bonds or notes issued by any state, political subdivision, municipality or other local government entity which are rated by Moody's or S&P in one of the two highest Rating Categories assigned by such agencies.
- (k) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's or "A-1" or "A" or better by S&P.
- (l) Repurchase Agreements must follow the following criteria:
 - (1) Repos must be with a bank, trust company or securities firm
 - (A) Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P or Moody's, or
 - (B) Banks or trust companies.
 - (2) The written repo contract must include the following:
 - (A) Securities which are acceptable for transfer are:
 - (i) Direct U.S. governments, or
 - (ii) Any other securities described in (a), (b) or (c) above.
 - (B) The collateral must be delivered to NIMPA, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before or simultaneous with payment. The holder of the collateral must have a perfected security interest in any and all collateral pledged.
 - (C) Valuation of Collateral
 - (i) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

- (ii) The value of collateral must be equal to 102% for securities identified in (A)(i) and 103% for securities identified in (A)(ii) above of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 102% or 103% of the value of the cash transferred by NIMPA, then additional cash and/or acceptable securities must be transferred.
- (m) Such other investments permitted by a Supplemental Indenture that are rated in either of the two highest Rating Categories by a Rating Agency or that are approved in writing by the issuer or provider of a Qualified Credit Facility.

“Maximum Annual Debt Service” means (a) when calculated with respect to any Series of Bonds, the maximum amount of Debt Service with respect to such Series of Bonds as computed for the then current or any succeeding Fiscal Year, and (b) when calculated with respect to all Series of Bonds, the maximum amount of Aggregate Debt Service as computed for the then current or any succeeding Fiscal Year.

“Net Revenues” means, for any period of calculation, the total Revenues during such period less the total Operation and Maintenance Expenses during such period.

“NIMPA” means the Northern Illinois Municipal Power Agency, a body politic and corporate, municipal corporation and unit of local government of the State of Illinois organized and existing under the Act.

“Operating Reserve Requirement” means, on and after the date the Prairie State Energy Campus commences commercial operations, \$3,500,000 or such greater amount required to be on deposit in the Operating Reserve Account in the Operation and Maintenance Fund as may be provided in an Annual Budget; provided however, if NIMPA is required to fund operating reserves pursuant to the Participation Agreement, the amount of such funds deposited by NIMPA shall be credited against the amount of the Operating Reserve Requirement.

“Operation and Maintenance Expenses” means all of NIMPA’s costs and expenses related to the operation and maintenance of the Project incurred in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, including amounts reasonably required to be set aside in reserves for items of operation and maintenance expenses the payment of which is not then immediately required.

“Outstanding” means, as of the date of determination (subject to the provisions of the Indenture), all Bonds theretofore authenticated and delivered under the Indenture, except the following:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Bonds for whose payment or redemption money or Defeasance Obligations in the necessary amount has been deposited with the Trustee in trust for the Owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“Power Purchaser”, individually, or “Power Purchasers”, collectively means, the Illinois cities of Batavia, Geneva and Rochelle.

“Power Sales Agreement” means the take-or-pay power sales agreements between NIMPA and each Power Purchaser, as amended.

“Prairie State Energy Campus” means the approximately 1620 MW mine mouth coal-fired electric generating facility, certain coal reserves and related properties, facilities, improvements and equipment described in the Project Agreements, and all other properties, facilities, improvements and equipment necessary or desirable in connection with the initial acquisition, construction and placing in service of the unit, and additions, improvements, renewals and replacements to said generating unit, and inventories of materials, supplies, fuel, tools and equipment for use in connection with the Prairie State Energy Campus.

“Principal Installment” means, as of any date of calculation, with respect to any Series of Bonds (a) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series.

“Project Agreements” means certain of the agreements entered into by NIMPA in connection with the development, operation and management of the Prairie State Energy Campus.

“Prudent Utility Practice” means, as of any particular time, any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry at such time, or which, in the exercise of reasonable judgment in light of facts known at such time, could have been expected to accomplish the desired results at the lowest reasonable cost consistent with good business practices, reliability, safety and expedience. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others or to be limited to the lowest-cost practice, method or act, but rather to be a spectrum of possible practices, methods and acts, having due regard for manufacturers’ warranties and the requirements of governmental agencies of competent jurisdiction.

“Qualified Credit Facility” means with respect to any Bonds or Series of Bonds, an insurance policy, surety bond, letter of credit, line of credit or other form of credit enhancement in favor of the Owners of such Bonds, issued by a bank, trust company, national banking association, insurance company or other credit enhancer (or any guarantor thereof) with a credit rating in one of the two highest Rating Categories of a Rating Agency, for the purpose of providing a source of funds for the payment of all or a portion of the principal of and interest on such Bonds when due.

“Qualified Liquidity Facility” means with respect to any Bonds or Series of Bonds, a letter of credit, line of credit, standby bond purchase agreement, or other liquidity facility or arrangement for liquidity support in favor of the Owners of such Bonds, issued by a bank, trust company, national banking association, insurance company or other liquidity provider (or any guarantor thereof) with a credit rating in one of the two highest Rating Categories of a Rating Agency, for the purpose of providing a source of funds for the payment of all or a portion of the purchase price of such Bonds that are tendered for purchase by the Owners thereof.

“Qualified Reserve Facility” means with respect to any Bonds or Series of Bonds, a letter of credit, surety bond or similar instrument issued by a bank, insurance company or other financial institution (or any guarantor thereof) with a credit rating in one of the two highest Rating Categories of a Rating Agency, for the purpose of satisfying all or any portion of the Debt Service Reserve Requirement with respect to a Series of Bonds.

“Qualified Swap Facility” means with respect to any Bonds or Series of Bonds, an interest rate exchange, hedge or similar agreement or facility entered into by NIMPA and a swap counterparty who is a member of the International Swap Dealers Association, pursuant to which NIMPA is obligated to make interest-like payments to or on behalf of another person (based on a specific rate or formula) and that person is obligated to make similar interest-like payments to or on behalf of NIMPA (based on a different rate of, or formula), with neither party obligated to repay any principal, which agreement:

- (a) may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar); and

- (b) does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof;

provided that either (1) the credit rating of the swap counterparty (or any guarantor thereof) is in one of the two highest Rating Categories of a Rating Agency, or (2) if such Bonds are secured by a Qualified Credit Facility, such Qualified Swap Facility is approved in writing by the issuer or provider of such Qualified Credit Facility.

“Rating Agency” means, S&P, Fitch or Moody's, or any other nationally recognized securities rating agency designated by NIMPA by notice to the Trustee.

“Rating Category” means the rating category assigned by a Rating Agency without regard to any refinements or gradation of such category by numerical modifier or otherwise.

“Refunding Bonds” means any Series of Bonds issued, authenticated and delivered on original issuance pursuant to the Indenture, for the purpose of refunding other Bonds (including bonds commonly referred to as current refunding bonds, advance refunding bonds or cross-over refunding bonds where the proceeds of such Refunding Bonds are deposited in an irrevocable escrow or trust account to secure the payment on the applicable payment dates of the interest on and principal or redemption price of such Bonds being refunded and/or such Refunding Bonds).

“Reimbursement Obligation” means any amounts payable by NIMPA to reimburse or repay the issuer or provider of a Qualified Credit Facility, a Qualified Liquidity Facility or a Qualified Reserve Facility for amounts paid or advanced thereunder in connection with any Bonds, to refinance, pay, purchase or redeem when due, tendered or required to be paid, purchased or redeemed, Bonds under the Indenture, and the obligation of NIMPA to pay interest payable on amounts disbursed for such purposes, plus any fees payable to the issuer or provider of such Qualified Credit Facility, Qualified Liquidity Facility or Qualified Reserve Facility.

“Reserve and Contingency Requirement” means \$1,500,000 or such greater amount required to be on deposit in the Reserve and Contingency Fund as may be provided in an Annual Budget; provided however, if NIMPA is required to fund capital reserves pursuant to the Participation Agreement, the amount of such funds deposited by NIMPA shall be credited against the amount of the Reserve and Contingency Requirement.

“Revenues” means:

- (a) all revenues, income, rents and receipts derived or to be derived by NIMPA from or attributable to or relating to the Project or to the payment of the costs thereof, including all revenues received or to be received by NIMPA or the Trustee under the Power Sales Agreements or under any other arrangement by NIMPA with respect to the sale or use of the Project or any portion thereof or the capacity or energy thereof;
- (b) the proceeds of certain insurance required to be deposited with the Trustee, including the proceeds of any self-insurance fund, and insurance covering business interruption loss relating to the Project; and
- (c) interest and other investment income received or to be received on any moneys or securities held pursuant to the Indenture and required to be paid into the Revenue Fund.

Revenues shall not include: (1) insurance proceeds resulting from casualty damage to the Project (other than insurance proceeds deposited into a special account in the Debt Service Fund for the redemption of Bonds); (2) the proceeds from the sale of the Bonds; (3) interest and other investment income received or to be received on any moneys or securities held pursuant to an indenture of trust entered into by NIMPA with respect to bonds, notes or other evidences of indebtedness payable on a basis subordinate to the Bonds except to the extent that NIMPA specifies in a Supplemental Indenture that such interest and other investment income shall constitute Revenues; (4) amounts received by or on behalf of NIMPA pursuant to any Qualified Swap Facility with respect to the Project except to the extent that NIMPA specifies in a Supplemental Indenture that such amounts shall constitute Revenues;

and (5) amounts received by or on behalf of NIMPA pursuant to a Qualified Credit Facility with respect to the Project except to the extent that NIMPA specifies in a Supplemental Indenture that such amounts shall constitute Revenues.

“Series” means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance and identified pursuant to the Indenture and the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture.

“Series 2009 B Debt Service Reserve Requirement” means \$2,280,000, an amount equal to 10% of the aggregate original principal amount of the 2009 B Bonds.

“Series 2009 B Debt Service Reserve Account” means the Series 2009 B Debt Service Reserve Account in the Debt Service Reserve Fund created pursuant to the Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Series Debt Service Reserve Account” means, with respect to any Series of Bonds that are not Covered Bonds, the Series Debt Service Reserve Account or Alternate Series Debt Service Reserve Account created within the Debt Service Reserve Fund pursuant to the Indenture and the Supplemental Indenture authorizing such Series of Bonds, including the Alternate Series Debt Service Reserve Account and the Series 2009 B Debt Service Reserve Account.

“Series Debt Service Reserve Requirement” means, with respect to any Series of Bonds that are not Covered Bonds, the amount, if any, established by the Supplemental Indenture authorizing such Series of Bonds as the Debt Service Reserve Requirement for such Series of Bonds, including the Alternate Series Debt Service Reserve Requirement, and the 2009 B Series Debt Service Reserve Requirement.

“Sinking Fund Installment” means an amount so designated for a Series of Bonds which is established pursuant to a Supplemental Indenture.

“Subordinated Bonds” means any bond, note or other evidence of indebtedness which is expressly made subordinate and junior in right of payment to the Bonds and which complies with the provisions of the Indenture. Subordinated Bonds shall not be, nor shall be deemed to be, Bonds for purposes of the Indenture, except as may be expressly provided by Supplemental Indenture.

“Supplemental Indenture” means any indenture supplemental or amendatory to the Indenture entered into by NIMPA and the Trustee pursuant to the Indenture.

“Trust Estate” means the property described as the Trust Estate in the Granting Clauses of the Indenture.

“Trustee” means Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America and its successors and assigns.

“Variable Rate Bonds” means Bonds that provide for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the Supplemental Indenture with respect to such Bonds and which for any future period of time is not susceptible of precise determination.

Pledge and Assignment of Trust Estate

In order to secure the payment of the principal and redemption price of, and the interest on, the Bonds and to secure the performance of the covenants and obligations on its part contained in the Indenture and the Bonds, NIMPA transfers in trust, assigns, pledges and grants a security interest to the Trustee and to its successors and assigns in trust forever, all right, title and interest of NIMPA in and to the following described property (the “*Trust Estate*”):

- (a) the proceeds of sale of the Bonds;
- (b) all Net Revenues;
- (c) all money and securities in the Funds held by the Trustee under the Indenture (except for the Rebate Fund) including the investments thereof, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture; and
- (d) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by NIMPA or by anyone in its behalf or with its written consent, to the Trustee.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every Owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

Authorization of Bonds

NIMPA is authorized to issue Bonds in one or more Series from time to time under and upon compliance with the terms and conditions of the Indenture and pursuant to one or more Supplemental Indentures for the purpose of (a) paying all or a portion of the Costs of Acquisition and Construction relating to the Initial Facilities or Additional Facilities, or (b) refunding any Outstanding Bonds. The number of Series of Bonds and the aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Indenture is not limited except as may be provided in the Indenture or as may be limited by law.

Refunding Bonds

One or more Series of Refunding Bonds may be issued, authenticated and delivered under the Indenture to refund any Outstanding Bonds of one or more Series or any portion thereof. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds under the Indenture required by the provisions of the Supplemental Indenture authorizing such Bonds.

Subordinated Bonds

NIMPA may from time to time issue Subordinated Bonds for any purpose of NIMPA in connection with the Project, including, without limitation, the financing of any part of the Costs of Acquisition and Construction of the Project or the refunding of any Subordinated Bonds or Outstanding Bonds. Such Subordinated Bonds shall be payable out of and may be secured by a pledge of such amounts in the Subordinated Bond Fund as may from time to time be available therefor; provided, however, that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien in the Trust Estate created under the Indenture as security for the Bonds.

Qualified Credit Facilities

A Supplemental Indenture relating to a Series of Bonds may provide that NIMPA obtain or cause to be obtained as additional security for such Series of Bonds (or any portion thereof) a Qualified Credit Facility providing for payment of the principal and interest due or to become due on such Bonds of such Series (or any portion thereof). Any such additional security with respect to a particular Series of Bonds (or any portion thereof) need not extend to any other Series of Bonds unless required by the Indenture. A Supplemental Indenture relating to any Series of Bonds may provide for such additional security and permit realization upon such security solely for the benefit of the Bonds entitled thereto, and as are not inconsistent with the intent of the Indenture.

NIMPA may include such provisions in a Supplemental Indenture relating to a Series of Bonds secured by a Qualified Credit Facility as NIMPA deems appropriate, including provisions to the effect that:

- (a) So long as the Qualified Credit Facility is in full force and effect, and payment on the Qualified Credit Facility is not in default, (1) the issuer or provider of the Qualified Credit Facility shall be deemed to be the Owner of the Outstanding Bonds of such Series (or portion thereof secured thereby) when the approval, consent or action of the Bondowners of such Series of Bonds is required or may be exercised under the Indenture, including upon occurrence of an Event of Default, and (2) the Indenture may not be amended in any manner which adversely affects the rights of the issuer of such Qualified Credit Facility without its prior written consent.
- (b) In the event that the principal and redemption price, if applicable, and interest due on any Series of Bonds Outstanding (or portion thereof secured thereby) shall be paid under the provisions of a Qualified Credit Facility, all covenants, agreements and other obligations of NIMPA to the Bondowners of such Series of Bonds (or portion thereof secured thereby) shall continue to exist and the issuer or provider of such Qualified Credit Facility shall be subrogated to the rights of such Bondowners in accordance with the terms of such Qualified Credit Facility and the Supplemental Indenture.

In addition, such Supplemental Indenture may establish such provisions as are necessary (a) to comply with the provisions of such Qualified Credit Facility, (b) to provide relevant information to the issuer or provider of such Qualified Credit Facility, (c) to provide a mechanism for paying principal or redemption price of and interest on such Series of Bonds (or portion thereof secured thereby) from such Qualified Credit Facility, (d) to make provision for any Events of Default or for additional or improved security required by the issuer or provider of such Qualified Credit Facility, and (e) to authorize agreements with the provider or issuer of such Qualified Credit Facility providing for (1) the payment of fees and expenses to such issuer or provider for the issuance of such Qualified Credit Facility, (2) the terms and conditions of such Qualified Credit Facility and the Series of Bonds (or portion thereof secured thereby) affected thereby, including the security, if any, to be provided for the issuance of such Qualified Credit Facility, (3) such adjustments to the rate of interest, method of determining the rate of interest, maturity or redemption provisions as are specified by NIMPA or determined as provided in such Supplemental Indenture or in any agreement referred to therein, and (4) the obligation to reimburse the provider of such Qualified Credit Facility for payment of Bonds pursuant to such Qualified Credit Facility on either a parity or subordinated basis with respect to such Series of Bonds (any such direct reimbursement obligations are referred to in the Indenture as **“Reimbursement Obligations”**).

Qualified Liquidity Facilities

The Supplemental Indenture relating to a Series of Bonds may provide that NIMPA obtain or cause to be obtained for such series of Bonds (or a portion thereof) a Qualified Liquidity Facility providing for payment of the purchase price of such Bonds that are tendered for purchase by the Owners thereof.

Such Supplemental Indenture may establish such provisions as are necessary (a) to comply with the provisions of such Qualified Liquidity Facility, (b) to provide relevant information to the issuer or provider of such Qualified Liquidity Facility, (c) to provide a mechanism for paying the purchase price of tendered Bonds of such Series of Bonds from such Qualified Liquidity Facility, (d) to make provision for any Events of Default or for additional or improved security required by the issuer or provider of such Qualified Liquidity Facility, and (e) to authorize agreements with the provider or issuer of such Qualified Liquidity Facility providing for (1) the payment of fees and expenses to such issuer or provider for the issuance of such Qualified Liquidity Facility, (2) the terms and conditions of such Qualified Liquidity Facility and the Series of Bonds (or portion thereof) supported thereby, including the security, if any, to be provided for the issuance of such Qualified Liquidity Facility, (3) such adjustments to the rate of interest, method of determining the rate of interest, maturity or redemption provisions as are specified by NIMPA or determined as provided in such Supplemental Indenture or in any agreement referred to therein, and (4) the obligation to reimburse the provider of such Qualified Liquidity Facility for purchase of Bonds pursuant to such Qualified Liquidity Facility on either a parity or subordinated basis with respect to such Series of Bonds (any such direct reimbursement obligations are referred to in the Indenture as **“Reimbursement Obligations”**).

Qualified Swap Facilities

In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, NIMPA may obtain or enter into a Qualified Swap Facility providing for certain payments by NIMPA and a swap counterparty, which payments are calculated by reference to fixed or variable rates and constituting a financial accommodation between NIMPA and such swap counterparty if (a) NIMPA determines that any such agreement (1) will assist NIMPA in more effectively managing its interest costs or cash flow, and (2) will not, in the opinion of NIMPA, result in a downward revision or withdrawal of any rating on any Series of Bonds then in effect by a Rating Agency, and (b) NIMPA would be in compliance with the conditions for the issuance of such Series of Bonds to which the Qualified Swap Facility relates assuming such Bonds were being issued at the time NIMPA enters into the Qualified Swap Facility.

NIMPA may determine from time to time to enter into one or more Qualified Swap Facilities, provided that NIMPA and the Trustee execute a Supplemental Indenture which may include provisions that:

- (a) Set forth the manner or method for the calculation of the payments and receipts under such Qualified Swap Facility and the scheduled payment dates therefor;
- (b) Provide that (1) payments under such Qualified Swap Facility (other than the amount, if any, payable by NIMPA, or by the Trustee for the account of NIMPA, as a result of the termination of any Qualified Swap Facility or other fees, expenses or indemnification) shall be made by NIMPA (or by the Trustee for the account of NIMPA) out of a special subaccount in the Series Debt Service Account, on a parity with the principal of and interest on the Bonds, or (2) payments shall be made by NIMPA out of the Subordinated Bond Fund or the General Reserve Fund; provided, however, that no payments under such Qualified Swap Facility may be payable from or secured by amounts on deposit in the Debt Service Reserve Fund; and provided further, that payments of any termination or other fees, expenses, indemnification or other obligations to a swap counterparty shall be payable only out of the General Reserve Fund;
- (c) Provide that receipts received by NIMPA or the Trustee under such Qualified Swap Facility shall be deposited promptly upon receipt into a special subaccount in the Series Debt Service Account; and any amounts received by NIMPA from a swap counterparty relating to a Qualified Swap Facility (other than a lump sum payment made upon the commencement of a related swap or as a termination payment in respect of a related swap) shall be deposited in the Series Debt Service Account to the extent that at the time of a receipt by NIMPA of such amount the amount then on deposit therein shall be less than the amount then required to be on deposit therein and any amounts not required to be so deposited shall be deposited in the General Reserve Fund; and
- (d) Provide that any termination payment under such Qualified Swap Facility (1) owed by NIMPA shall be payable solely from amounts on deposit in the General Reserve Fund or an account or subaccount therein, or (2) received by NIMPA or the Trustee shall be deposited promptly upon receipt into the General Reserve Fund.

Calculation of Debt Service

For purposes of the various calculations under the Indenture, the amount of Bonds of NIMPA, the amortization schedule of such Bonds and the Debt Service with respect to such Bonds shall be calculated in accordance with the actual amortization schedule for such Bonds, except as follows:

- (a) Balloon Bonds. The Debt Service on Bonds of any Series that constitute Balloon Bonds may be deemed to be payable as follows:
 - (1) If NIMPA delivers an Agency Certificate to the Trustee that establishes an amortization schedule for any such Bonds, which provides for payments of principal for each Fiscal Year that will provide sufficient moneys to make any actual payments when required to

be made by the terms of such Bonds; and NIMPA agrees in such Agency Certificate that NIMPA will deposit for each Fiscal Year with a bank or trust company (pursuant to an agreement between NIMPA and such bank or trust company, which agreement shall be satisfactory in form and substance to the Trustee) the amount of principal shown on such amortization schedule net of any amount of principal actually paid on such Bonds during such Fiscal Year (other than from amounts on deposit with such bank or trust company), which deposits shall be made prior to any such required actual payments, then such Bonds may be deemed to be payable in accordance with the terms of such amortization schedule and agreement; or

- (2) Such Bonds may be deemed to be Bonds payable on a level annual debt service basis calculated using the original principal amount of such Balloon Bonds amortized over a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Bonds and ending on the final maturity date of such Balloon Bonds, or (ii) **25** years from the date of issuance of such Bonds, bearing interest on the unpaid principal balance at the Assumed Rate.
- (b) Capital Appreciation Bonds. The principal amount of Bonds of any Series that constitute Capital Appreciation Bonds shall be deemed to be the **“accreted value”** (defined below) thereof as of the date of calculation. **“Accreted value”** means with respect to any capital appreciation bonds (1) as of any **“valuation date”** (defined below), the amount set forth in the Supplemental Indenture authorizing such Bonds as the value of such Bonds on such valuation date, and (2) as of any date other than a valuation date the sum of (i) the accreted value on the next preceding valuation date, and (ii) the product of (A) a fraction, the numerator of which is the number of days having elapsed from the preceding valuation date and the denominator of which is the number of days from such preceding valuation date to the next succeeding valuation date, and (B) the difference between the accreted values for such valuation dates. **“Valuation date”** means with respect to any Capital Appreciation Bonds the date or dates set forth in the Supplemental Indenture relating to such Bonds on which specific accreted values are assigned to the capital appreciation bonds.
 - (c) Qualified Credit Facilities. No Reimbursement Obligations shall be deemed payable with respect to Bonds supported by a Qualified Credit Facility until such time as amounts are paid under such Qualified Credit Facility and the obligation to make payments under the Qualified Credit Facility actually arises (and only to the extent of advances actually made under such Qualified Credit Facility). From and after such funding, the amount of such Debt Service shall be calculated in accordance with the actual amount of Reimbursement Obligations required to be repaid on such Qualified Credit Facility and the actual interest rate and amortization schedule applicable thereto. No Debt Service shall be deemed to arise when any funding occurs under any such commitment if such funding is immediately repaid and such commitment is reinstated in accordance with its terms, or when any such commitment is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as existed prior to such renewal.
 - (d) Qualified Swap Facilities. If NIMPA has entered into a Qualified Swap Facility with respect to a Series of Bonds (or portion thereof), such Bonds shall be deemed to bear interest for the period of time the Qualified Swap Facility is in effect at a net interest rate which takes into account the interest payments made or to be made by NIMPA with respect to such Bonds and the net payments expected to be paid or received by NIMPA under such Qualified Swap Facility; if such net amount is less than zero, such net amount may be credited against other interest coming due in calculating Debt Service so long as the credit rating of the swap counterparty (or any guarantor thereof) is in one of the two highest Rating Categories of a Rating Agency.
 - (e) Variable Rate Bonds. In determining the Debt Service on Bonds of any Series that constitute Variable Rate Bonds, the interest rate on such Bonds for any period prior to the date of calculation or for which the interest rate has been determined shall be the actual interest rate payable during such period, and for each year in which such Bonds are Outstanding and for which the actual

interest rate has not been determined, the interest rate on such Bonds for the period of determination shall be deemed one of the following to be selected by NIMPA at the date of calculation: (1) the average annual rate of interest payable on such Bonds during the **12** months immediately preceding the date of calculation, or if such Bonds are to be issued or were issued less than **12** months preceding such date, the average annual rate of interest payable on such Bonds during such period immediately preceding the date of calculation, or (2) such other amount as shall be specified or determined in accordance with the Supplemental Indenture pursuant to which such Variable Rate Bonds were issued.

- (f) BAN. The principal or interest due on a BAN payable on the maturity date shall not be taken into account for purposes of determining Accrued Debt Service under the Indenture.

Persons Deemed Owners of Bonds

The person in whose name any Bond is registered on the bond register shall be deemed and regarded as the absolute Owner thereof for all purposes, except as otherwise provided in the Indenture or a Supplemental Indenture with respect to a Series of Bonds secured by a Qualified Credit Facility or when a Book-Entry System is in effect for a particular Series of Bonds, and payment of or on account of the principal or redemption price of, and interest on any such Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative, but such registration may be changed as provided under the Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Redemption of Bonds Prior to Maturity

The Bonds of each Series shall be subject to optional and mandatory redemption prior to maturity in accordance with the applicable terms and provisions contained in the Indenture and as may be specified in such Bonds and the Supplemental Indenture authorizing such Bonds.

Establishment of Funds and Accounts

The following Funds and Accounts are hereby established, each of which shall be held by the Trustee or NIMPA as specified:

- (a) Project Fund, to be held by the Trustee, which shall consist of a separate Series Project Account for each Series of Bonds in which the Trustee may establish such subaccounts as shall be necessary to segregate and account for Bond proceeds.
- (b) Revenue Fund, to be held by NIMPA.
- (c) Operation and Maintenance Fund, to be held by NIMPA, which shall consist of an Operating Account and Operating Reserve Account.
- (d) Debt Service Fund, to be held by the Trustee, which shall consist of a separate Series Debt Service Account for each Series of Bonds.
- (e) Debt Service Reserve Fund, to be held by the Trustee, which shall consist of a Common Debt Service Reserve Account and may contain a separate Debt Service Reserve Account for any Series of Bonds.
- (f) Subordinated Bond Fund, to be held by the Trustee, which shall consist of a separate Series Subordinated Bond Account for each series of Subordinated Bonds.
- (g) Rebate Fund, to be held by the Trustee, which shall consist of a separate Series Rebate Account for each Series of Bonds the interest on which is intended to be tax-exempt.

- (h) Reserve and Contingency Fund to be held by NIMPA.
- (i) General Reserve Fund to be held by NIMPA.

NIMPA may, by Supplemental Indenture, establish one or more additional funds or accounts. In addition, NIMPA may, in its discretion, create or cause to be created subaccounts of any of the foregoing from time to time. All moneys deposited with or paid to NIMPA or the Trustee for the Funds and Accounts held by NIMPA or the Trustee, respectively, under the Indenture shall be held and applied by NIMPA or the Trustee, as applicable, only in accordance with the provisions of the Indenture and each applicable Supplemental Indenture. Until used or applied as provided in the Indenture, all moneys in the Funds and Accounts held by the Trustee under the Indenture (except for moneys in the Rebate Fund) shall be held by the Trustee in trust and shall constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds and accounts of NIMPA except as provided under the Indenture hereof for investment purposes.

Project Fund

- (a) There shall be paid into the Project Fund the amounts required to be so paid by the provisions of the Indenture and any Supplemental Indenture with respect to a Series of Bonds, and there may be paid into the Project Fund, at the direction of NIMPA, any moneys received for or in connection with the Project from any other source, unless required to be otherwise applied as provided by the Indenture. Amounts in the Project Fund shall be applied to the payment of the Costs of Acquisition and Construction of the Project or the costs of refunding any Bonds in the manner provided under the Indenture.
- (b) Subject to the provisions of the Project Agreements, the proceeds of insurance, including the proceeds of any self-insurance fund, maintained pursuant to the Indenture against physical loss of or damage to the Project or casualty loss, or of contractors' performance bonds or other assurances of completion with respect thereto, pertaining to the period of acquisition and construction thereof, shall be paid into the appropriate separate Series Project Account in the Project Fund.
- (c) The Trustee shall make payments from the Series Project Accounts in the Project Fund, except payments and withdrawals pursuant to portions of the Indenture described in paragraphs (e), (f) and (g) under this APPENDIX D -- "Project Fund" in the amounts, at the times, in the manner and on the other terms and conditions set forth in the Indenture. Before any such payment shall be made, NIMPA shall file with the Trustee its requisition therefor set forth in an Agency Certificate.
- (d) The Trustee shall, during construction of the Project, pay from the Project Fund to NIMPA, upon its requisitions therefor, at one time or from time to time, a sum or sums aggregating not more than **\$1,000,000**, such sums are to be used by NIMPA as a revolving fund for the purpose of paying such items of the Cost of Acquisition and Construction thereof as cannot conveniently be paid as otherwise provided in this portion of the Indenture. So long as the amount in such revolving fund shall at any time be less than **\$1,000,000**, such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the Project Fund upon requisitions specifying the payee and the amount and particular purpose of each payment from such revolving fund for which such reimbursement is requested and certifying that each such amount so paid was necessary for the payment of an item of the Cost of Acquisition and Construction and that such expense could not conveniently be paid except from such revolving fund. In making such reimbursement the Trustee may rely upon such requisitions and accompanying certificates.
- (e) Notwithstanding any of the other provisions of the Indenture described in the foregoing paragraph of APPENDIX D -- "Project Fund," to the extent that other moneys are not available therefor, amounts in the Project Fund shall be applied to the payment of principal of and interest on Bonds when due.

- (f) The completion of acquisition and construction of the Project for which a separate Series Project Account has been established in the Project Fund shall be evidenced by an Agency Certificate filed with the Trustee, stating that such Facilities have been completed substantially in accordance with the plans and specifications applicable thereto. Upon the filing of such Agency Certificate, the balance in the applicable Series Project Account in the Project Fund shall, subject to any provision in a Supplemental Indenture, be applied as follows (in any order as determined by NIMPA): (1) used to purchase Bonds of the applicable Series as provided in the Indenture; (2) deposited into the Debt Service Reserve Account in the Debt Service Reserve Fund with respect to the applicable Series of Bonds to fund any amounts required to be deposited therein; (3) deposited into the Series Debt Service Account with respect to the applicable Series of Bonds; (4) transferred into another Series Project Account to pay Costs of Acquisition and Construction; or (5) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds, including a transfer into the Operation and Maintenance Fund to provide operating reserves for the payment of Operation and Maintenance Expenses, and any balance shall be paid over or transferred to the Revenue Fund.
- (g) Notwithstanding the foregoing, the Trustee shall make payments from any Series Project Account established in the Project Fund with respect to a Series of Refunding Bonds, to provide, together with other funds held by the Trustee, for the call for redemption prior to maturity and the payment of the principal or redemption price of and interest on the Bonds being refunded, in accordance with the Supplemental Indenture authorizing such Refunding Bonds.

Revenues and Revenue Fund

All Revenues shall be promptly deposited by NIMPA upon receipt thereof to the credit of the Revenue Fund.

Payments Into Certain Funds

As soon as practicable in each month after the deposit of Revenues into the Revenue Fund, but in any case no later than the last business day of such month, NIMPA shall withdraw from the Revenue Fund and credit to, or shall transfer to the Trustee for deposit in, the following Funds and Accounts in the following order the amounts set forth below:

- (a) To the Operation and Maintenance Fund (1) for credit to the Operating Account such amount as shall be necessary for the payment of all Operation and Maintenance Expenses which are unpaid and which are estimated to become due prior to the end of the following calendar month in the Annual Project Budget, and (2) if the amount on deposit in the Operating Reserve Account in the Operation and Maintenance Fund is less than the Operating Reserve Requirement, for credit to the Operating Reserve Account, the amount required to restore the balance in the Operating Reserve Account to the Operating Reserve Requirement, over a period of **24** months in equal monthly installments. If and to the extent provided in the Indenture and any Supplemental Indenture, there may be deposited in the Operating Reserve Account moneys received for or in connection with the Project from any other source, unless required to be otherwise applied as provided in the Indenture.
- (b) To the Debt Service Fund, for credit to each Series Debt Service Account established with respect to each Series of Bonds pursuant to a Supplemental Indenture, on a parity with the transfer to each other Series Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Debt Service with respect to such Series of Bonds as of the last day of the then current month; provided that, if there shall be a deficiency of Revenues to make the deposits required by this provision of the Indenture, such Revenues shall be deposited into each Series Debt Service Account on a pro rata basis based on the amount of each such required deposit. To the extent provided in a Supplemental Indenture, deposits to the Debt Service Fund shall also include payments with respect to a Qualified Swap Facility and a Qualified Credit Facility.

- (c) To the Debt Service Reserve Fund, for credit to the Common Debt Service Reserve Account and to any Series Debt Service Reserve Account established with respect to any Series of Bonds pursuant to a Supplemental Indenture, the amount, if any, required (1) to restore any deficiency in said account as described under the Indenture and (2) to fund the applicable Debt Service Reserve Requirement as described in the Indenture; provided, that, if there shall be a deficiency of Revenues to make the deposits required by this provision of the Indenture, such Revenues shall be deposited into each Series Debt Service Reserve Account on a pro rata basis based on the amount of each such required deposit.
- (d) To the Subordinated Bond Fund, for credit to each Series Subordinated Bond Account established with respect to Subordinated Bonds pursuant to a Supplemental Indenture, such amounts as shall be required by the Supplemental Indenture authorizing such Subordinated Bonds. To the extent provided in a Supplemental Indenture, deposits to the Debt Service Fund shall also include payments with respect to a Qualified Swap Facility and a Qualified Credit Facility.
- (e) To the Reserve and Contingency Fund (1) commencing with the month during which the Prairie State Energy Campus achieves commercial operations, the amount of \$25,000 each month until such time as the amount on deposit in the Reserve and Contingency Fund has reached the Reserve and Contingency Requirement, and (2) thereafter, if the amount on deposit in the Reserve and Contingency Fund is less than the Reserve and Contingency Requirement, the amount required to restore the balance in the Reserve and Contingency Fund to the Reserve and Contingency Requirement, over a period of **24** months in equal monthly installments.
- (f) To the General Reserve Fund, the remaining balance, if any, of moneys in the Revenue Fund after making the above credits, transfers and deposits.

Operation and Maintenance Fund

- (a) The Operation and Maintenance Expenses shall be paid by NIMPA out of the amounts on deposit in the Operating Account in the Operation and Maintenance Fund, from time to time as such costs become due and payable.
- (b) Moneys in the Operating Reserve Account in the Operation and Maintenance Fund may be used as working capital and to provide for the payment of items of Operation and Maintenance Expenses which accrue over time and are payable less frequently than monthly and other non-recurring expenses.
- (c) If on the last business day of any month the amount in the Operating Account in the Operation and Maintenance Fund shall be less than the amount required to be in such Account to pay expected Operation and Maintenance Expenses in such month, NIMPA shall transfer amounts from the Operating Reserve Account in the Operation and Maintenance Fund to the Operating Account to the extent of the deficiency.
- (d) If the amount on deposit in the Operating Reserve Account is less than the Operating Reserve Requirement because of a withdrawal from said Account under this provision of the Indenture or a valuation under the Indenture, NIMPA shall calculate the amount of such deficiency and then determine the monthly deposit necessary to restore the amount in such account to the Operating Reserve Requirement within **24** months as provided in the Indenture.

Debt Service Fund-Series Debt Service Accounts

Amounts on deposit in the Debt Service Fund in any Series Debt Service Account established for a Series of Bonds shall be used and withdrawn as provided in the portion of the Indenture described under this APPENDIX D -- "Debt Service Fund – Series Debt Service Accounts" and in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

- (a) The Trustee shall pay out of the appropriate Series Debt Service Account in the Debt Service Fund: (1) on or before each interest payment date for the Series of Bonds to which such Account relates, the amount required for the interest payable on such date; (2) on or before each Principal Installment due date for such Series of Bonds, the amount required for the Principal Installment payable on such due date; (3) on or before any redemption date for such Series of Bonds, the amount required for the payment of redemption price of and accrued interest on such Bonds then to be redeemed; and (4) if provided in a Supplemental Indenture, on or before the due date of each swap payment under a Qualified Swap Facility with respect to such Series, the amount required for the payment thereof; provided, however, that if provided in a Supplemental Indenture, with respect to any Series of Bonds or portions thereof the amounts due on any such interest payment date and/or Principal Installment due date and/or redemption date are intended to be paid from a Qualified Credit Facility prior to any application of amounts in the Series Debt Service Account to such payments, then the Trustee shall not pay any such amounts to the Paying Agent unless such amounts have failed to be provided from such Qualified Credit Facility at the time required, and if any such amounts due are paid from such Qualified Credit Facility the Trustee shall apply the amounts in the Series Debt Service Account to provide payment of the Reimbursement Obligations with respect to such Qualified Credit Facility as provided in the agreement governing reimbursement of such amounts to the issuer or provider of such Qualified Credit Facility.
- (b) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in any Series Debt Service Account in the Debt Service Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by NIMPA in an Agency Certificate not less than **45** days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund redemption price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this provision of the Indenture shall be made at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest, and such purchases shall be made in such manner as NIMPA shall direct the Trustee. As soon as practicable after the **45th** day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the appropriate Series Debt Service Account in the Debt Service Fund to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by NIMPA as an Operation and Maintenance Expense from the Operation and Maintenance Fund.
- (c) In the event of the refunding of any Bonds, the Trustee shall, if NIMPA so directs, withdraw from the Series Debt Service Account in the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with the Trustee to be held for the payment of the principal or redemption price, if applicable, and interest on the Bonds being refunded; provided however, that such withdrawal shall not be made unless the requirements of the Indenture described in the two preceding paragraphs have been satisfied.

Debt Service Reserve Fund

- (a) Any Series of Bonds hereafter issued is not required to be secured by the Debt Service Reserve Fund or any Account thereof. However, NIMPA has established under the Indenture a Common Debt Service Reserve Account which shall be funded to secure the Covered Bonds in an amount

equal to the Common Debt Service Reserve Requirement. NIMPA may, at its option, specify in a Supplemental Indenture whether or not any Series of Bonds will be secured by the Common Debt Service Reserve Account. If NIMPA determines, as it did with the 2009 C Bonds and the 2010 A Bonds, that a Series of Bonds shall not have a claim for payment on the Common Debt Service Reserve Account, NIMPA may, at its option, create a Series Debt Service Reserve Account for such Bonds and establish a related Series Debt Service Reserve Requirement in a Supplemental Indenture. Such Bonds shall have a claim for payment on the related Series Debt Service Reserve Account as set forth therein. *See* “SECURITY AND SOURCE OF PAYMENT FOR THE 2010 A BONDS – DEBT SERVICE RESERVE FUNDS – Alternate Series Debt Service Reserve Account.” Such Series Debt Service Reserve Account may be established for the benefit of one or more Series of Bonds as set forth in a Supplemental Indenture. Amounts held in an Account of the Debt Service Reserve Fund shall be applied only to prevent deficiencies in the payments of principal of and interest on the related Series of Bonds which have a claim on such Account.

- (b) Upon the issuance of a Series of Covered Bonds, NIMPA shall calculate the amount of the Common Debt Service Reserve Requirement to reflect the issuance of such Covered Bonds. Any resulting increase in the amount of the Common Debt Service Reserve Requirement shall be funded in whole at the time of issuance of a Series of Covered Bonds by the deposit of cash, Investment Securities or a Qualified Reserve Facility.
- (c) Upon the issuance of any Series of Bonds that are not Covered Bonds but are secured by a Series Debt Service Reserve Account, such Series Debt Service Reserve Account will be funded in an amount and in the manner to be set forth in the Supplemental Indenture authorizing such Series of Bonds.
- (d) Amounts on deposit in the Debt Service Reserve Fund in the Common Debt Service Reserve Account or any Series Debt Service Reserve Account established for a Series of Bonds shall be used and withdrawn as provided in the Indenture and the Supplemental Indenture authorizing the issuance of such Series. If the amount on deposit in the applicable Debt Service Account for any Series of Bonds secured by an Account of the Debt Service Reserve Fund shall be less than the amount required to be in such Debt Service Account to pay principal of or interest on the related Series of Bonds pursuant to the Indenture, the Trustee shall apply amounts from the applicable Account of the Debt Service Reserve Fund to the extent necessary to cure such deficiency with respect to the related Series of Bonds.
- (e) NIMPA may cause to be deposited into the Common Debt Service Reserve Account or any Series Debt Service Reserve Account in the Debt Service Reserve Fund one or more Qualified Reserve Facilities to satisfy all or a portion of the Debt Service Reserve Requirement. Each Qualified Reserve Facility in an account shall be payable (upon the giving of notice as required thereunder and, unless otherwise authorized by any Supplemental Indenture), on a pro rata basis with any other Qualified Reserve Facilities on deposit in such Account of the Debt Service Reserve Fund on any day on which moneys will be required to be withdrawn from such Account and applied to make up any deficiency in the Debt Service Accounts pursuant to the provision of the Indenture described in the preceding paragraph with respect to the Bonds secured by such Account of the Debt Service Reserve Fund; provided, that prior to drawing on any Qualified Reserve Facility, any cash or Investment Securities in the applicable Account of the Debt Service Reserve Fund shall be applied to cure such deficiency. Not less than **60** days prior to the expiration of any Qualified Reserve Facility, NIMPA shall provide a commitment for the extension of the term thereof or a new Qualified Reserve Facility to be deposited in the related Account of the Debt Service Reserve Fund on or before the date of such expiration or shall make provision for the deposit of cash and Investment Securities into such Account in an amount necessary to provide that the amount held therein at the expiration of the Qualified Reserve Facility shall equal the applicable Debt Service Reserve Requirement.
- (f) If the rating of any issuer or provider of a Qualified Reserve Facility is down-graded below the required Rating Category or the Qualified Reserve Facility is otherwise terminated or not renewed

by NIMPA, then NIMPA must immediately either (1) direct the Trustee to draw on such Qualified Reserve Facility and deposit the proceeds of said drawing to the applicable Account of the Debt Service Reserve Fund, or (2) otherwise provide funds for deposit in the applicable Account of the Debt Service Reserve Fund in an amount sufficient to satisfy the related Debt Service Reserve Requirement.

- (g) If the value of the Common Debt Service Reserve Account or any Series Debt Service Reserve Account of the Debt Service Reserve Fund exceeds the applicable Debt Service Reserve Requirement, NIMPA may request that to the extent that another fund or account established under the Indenture is under-funded, the cash or Investment Securities held in such Account in excess of the required amount be transferred by the Trustee to NIMPA for deposit into the Revenue Fund and applied in accordance with the Indenture. NIMPA may request that any additional excess cash or investments be transferred to the General Reserve Fund.
- (h) If the value of the Common Debt Service Reserve Account or any Series Debt Service Reserve Account of the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Requirement because of a withdrawal from said Account under the Indenture or a valuation under the Indenture, the Trustee shall calculate the amount of such deficiency and then determine the monthly deposit necessary to restore the funds in such account to the applicable Debt Service Reserve Requirement as follows. If such deficiency exists in the Common Debt Service Reserve Account, the monthly deposit shall be equal to the difference between the Common Debt Service Reserve Requirement and the amount of cash and Investment Securities and the balance available to be drawn on the related Qualified Reserve Facilities on such date divided by **12**. In the event that a deficiency exists in a Series Debt Service Reserve Account, the monthly deposit shall be calculated in accordance with the terms of the applicable Supplemental Indenture.
- (i) In the event of the refunding of all or a portion of a Series of Bonds secured by an Account in the Debt Service Reserve Fund, the Trustee shall, upon the direction of NIMPA, withdraw from the related Account of the Debt Service Reserve Fund amounts accumulated therein with respect to the Series of Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or redemption price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to the Indenture, and (b) the amount remaining in the applicable Account of the Debt Service Reserve Fund after such withdrawal shall not be less than the applicable Debt Service Reserve Requirement.
- (j) Whenever the amount in the Debt Service Reserve Fund, excluding the amounts available under any Qualified Reserve Facility, together with the amounts in the accounts in the Debt Service Reserve Fund are sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in each Account of the Debt Service Reserve Fund shall be transferred to the related Account in the Debt Service Reserve Fund and no further deposits shall be required to be made into the Debt Service Reserve Fund.

Subordinated Bond Fund

- (a) The Trustee shall apply amounts in each separate Series Subordinated Bond Account in the Subordinated Bond Fund at the times, in the amounts and to the purposes specified with respect thereto in the respective resolutions, indentures or other instruments, including any Supplemental Indenture, relating to such account and the Subordinated Bonds payable therefrom or secured thereby.
- (b) If at any time the amount in any Series Debt Service Account in the Debt Service Fund shall be less than the requirement of such Account pursuant to the Indenture, or the amount in any Account in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement relating thereto, and there shall not be on deposit in the General Reserve Fund or the Reserve and

Contingency Fund available moneys sufficient to cure any such deficiency, then the Trustee shall withdraw from the Subordinated Bond Fund and deposit into such Series Debt Service Account or such Accounts of the Debt Service Reserve Fund, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to all Series Debt Service Accounts and Accounts of the Debt Service Reserve Fund, then the amount in said Fund shall be first applied ratably (in proportion to the deficiency in each such account) to make up the deficiencies in such Series Debt Service Accounts, and any balance remaining shall be applied ratably (in proportion to the deficiency in each such Account) to make up part of the deficiencies in such Debt Service Reserve Accounts). For purposes of this provision of the Indenture, the Trustee shall withdraw from each account in the Subordinated Bond Fund, ratably in proportion to the respective amounts on deposit therein, the amounts required to make up said deficiencies.

- (c) Subject to the provisions of, and to the priorities and limitations and restrictions provided in, the Indenture, indenture or other instrument, including any Supplemental Indenture, securing each issue of Subordinated Bonds, amounts in the Subordinated Bond Fund which NIMPA at any time determines to be in excess of the requirements of such Fund, may, to the extent that another Fund or Account is under-funded, at the discretion of NIMPA, be transferred to the Revenue Fund and applied in accordance with the Indenture. NIMPA may request that any additional excess cash or investments be transferred to the General Reserve Fund.

Reserve and Contingency Fund

- (a) Amounts in the Reserve and Contingency Fund shall be applied to payment of extraordinary operation and maintenance expenses and contingencies, including payments with respect to the prevention or correction of any unusual loss or damage in connection with the Project, to payment of renewals, repairs, additions, betterments and improvements in connection with the Project necessary to keep the same in good operating condition, or required by any governmental agency having jurisdiction over the Prairie State Energy Campus or any part thereof or required by the Project Agreements, all to the extent not provided for in the then current Annual Budget or by reserves credited to the Operation and Maintenance Fund or from the proceeds of Bonds, notes or other evidences of indebtedness issued by NIMPA to finance or refinance the Costs of Acquisition and Construction.
- (b) No payments shall be made from the Reserve and Contingency Fund if and to the extent that the proceeds of insurance, including the proceeds of any self-insurance fund, or other moneys recoverable as the result of damage, if any, are available to pay the costs otherwise payable from such Fund.
- (c) If and to the extent provided in a Supplemental Indenture authorizing Bonds of a Series, amounts from the proceeds of such Bonds may be credited to the Reserve and Contingency Fund and to any account therein as specified in the Supplemental Indenture for any purpose of such Fund or account.
- (d) If at any time the amount in any Series Debt Service Account in the Debt Service Fund shall be less than the requirement of such Account pursuant to the Indenture, or the amount in any Debt Service Reserve Account in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement therefor, and there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure any such deficiency, then NIMPA shall transfer moneys from the Reserve and Contingency Fund in the following order of priority: (1) to the Series Debt Service Accounts, pro rata based on the amount of such deficiencies, the amount necessary (or all the moneys in the Reserve and Contingency Fund if less than the amount necessary) to make up such deficiencies, and (2) to the Debt Service Reserve Accounts, pro rata based on the amount of such deficiencies, the amount necessary (or all the moneys in the Reserve and Contingency Fund if less than the amount necessary) to make up such deficiencies.

- (e) Any balance of moneys and securities in the Reserve and Contingency Fund not required to meet any deficiencies in any Series Debt Service Account or any Debt Service Reserve Account or not needed for any of the purposes for which such Fund was established, may be transferred by NIMPA to the Operation and Maintenance Fund, if and to the extent deemed necessary by NIMPA, to make up any deficiencies in such Fund, and thereafter any remaining excess may be transferred to the credit of the General Reserve Fund.
- (f) If the amount on deposit in the Reserve and Contingency Fund is less than the Reserve and Contingency Requirement because of a withdrawal from said Fund under the provision of the Indenture described under this APPENDIX D – “Reserve and Contingency Fund” or a valuation under the Indenture, NIMPA shall calculate the amount of such deficiency and then determine the monthly deposit necessary to restore the amount in such account to the Reserve and Contingency Requirement within **24** months as provided in the Indenture.

General Reserve Fund

- (a) NIMPA shall transfer from the General Reserve Fund moneys in the following amounts and in the following order of priority: (1) to the Trustee for deposit in the Series Debt Service Accounts, pro rata based on the amount of each such deficiency, the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to said Accounts required by the Indenture, (2) to the Trustee for deposit in the Accounts of the Debt Service Reserve Fund, pro rata based on the amount of each such deficiency, the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in required payments to such Accounts or resulting from any transfer to the Series Debt Service Accounts, (3) to the Subordinated Bond Fund, the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to said Fund required by the Indenture, and (4) to the Reserve and Contingency Fund the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to said Fund required by the Indenture.
- (b) Amounts in the General Reserve Fund not required to meet a deficiency as required in the provision of the Indenture described in the preceding paragraph shall, upon a determination of NIMPA, be applied to or set aside for any one or more of the following:
 - (1) payment into the Revenue Fund or any other fund or account established by the Indenture or any indenture with respect to bonds, notes or other evidences of indebtedness issued by NIMPA to finance or refinance the Costs of Acquisition and Construction;
 - (2) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any Bonds;
 - (3) payments required to be made to any Series Subordinated Bond Account in the Subordinated Bond Fund established pursuant to an indenture of trust with respect to bonds, notes or other evidences of indebtedness payable on a basis subordinate to the Bonds; and
 - (4) any other lawful purpose of NIMPA related to the Project.

Rebate Fund

There shall be deposited in each respective Series Rebate Account in the Rebate Fund such amounts as are required to be deposited therein pursuant to the tax compliance provisions applicable to any Series of tax-exempt Bonds under a Supplemental Indenture with respect to a Series of Bonds. All amounts on deposit at any time in the

Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither NIMPA nor the owner of any Bonds shall have any rights in or claim to such money.

The Trustee shall remit from moneys in each respective Series Rebate Account in the Rebate Fund all rebate installments and a final rebate payment to the United States required by the tax compliance provisions applicable to any Series of tax-exempt Bonds under a Supplemental Indenture with respect to a Series of Bonds.

Investment of Certain Funds

Moneys held in the Project Fund, each Series Debt Service Account in the Debt Service Fund, the Common Debt Service Reserve Account and each Series Debt Service Reserve Account in the Debt Service Reserve Fund, the Subordinated Bond Fund and the Rebate Fund shall be invested and reinvested by the Trustee at the direction of NIMPA to the fullest extent practicable in Investment Securities which mature or are available not later than such times as reasonably expected to be necessary to provide moneys when needed for payments to be made from such Funds and Accounts. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries.

Moneys held in the Revenue Fund shall be invested and reinvested by NIMPA in Investment Securities which mature not later than such times as reasonably expected to be necessary to provide moneys when needed for payments to be made from such Fund. Moneys in the Operation and Maintenance Fund shall be invested by NIMPA in Investment Securities which mature within 12 months from the date of such investment and moneys in the Reserve and Contingency Fund and the General Reserve Fund shall be invested by NIMPA in Investment Securities which mature not later than such times as reasonably expected to be necessary to provide moneys when needed to provide payments from such Funds or Accounts.

Interest and other investment income (net of that which (a) represents a return of accrued interest paid in connection with the purchase of any investment, and (b) is required to offset the amortization of any premium paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts (other than the Project Fund and the Rebate Fund), to the extent resulting in a balance which is in excess of any requirement for such Fund or Account, shall be paid into the Revenue Fund, provided, however, that interest and other investment income may be paid into the Project Fund to the extent provided in the Supplemental Indentures entered into from time to time. Interest and other investment income earned on any moneys or investments in a separate account in the Project Fund or the Rebate Fund shall be held in such account for the purposes thereof except as otherwise provided in a Supplemental Indenture. Nothing in the Indenture shall prevent any Investment Securities acquired as investments of funds held under the Indenture from being issued or held in book-entry form.

Construction and Operation of Prairie State Energy Campus; Project Agreements

- (a) NIMPA is duly authorized under all applicable laws to execute the Project Agreements and to undertake, acquire, construct and operate the Project, and to do and perform all acts and things required to be done or performed by NIMPA to carry out such undertakings.
- (b) NIMPA shall at all times comply with all terms, covenants and provisions, express and implied, of the Project Agreements and all other contracts or agreements affecting or involving the Project or business of NIMPA with respect thereto. NIMPA shall duly perform its covenants and obligations under the Project Agreements and will enforce the provisions thereof against the other parties thereto. NIMPA shall not consent or agree to any rescission of or amendment to any of the Project Agreements which, in the judgment of NIMPA or the Trustee, will materially and adversely affect its rights thereunder.
- (c) NIMPA shall use its best efforts to cause the acquisition and construction of the Project to be accomplished in a sound and economic manner and as expeditiously as is practicable, in accordance with the provisions of the Project Agreements and the plans and specifications therefor. NIMPA shall promptly and vigorously enforce and defend its rights under the Project

Agreements and will not consent or agree to any amendment of the Project Agreements that materially and adversely affects its rights thereunder.

- (d) NIMPA shall, subject to the provisions of the Project Agreements and consistent with the terms and provisions thereof and with Prudent Utility Practice, (a) cause the Prairie State Energy Campus to be operated, maintained and managed in an efficient and economical manner consistent with the Power Sales Agreements, (b) cause the Prairie State Energy Campus to be maintained, preserved and kept in good repair, working order and condition, and (c) cause all necessary and proper repairs, replacements and renewals to be made so that the operating efficiency of the Prairie State Energy Campus will be properly and advantageously conducted.

Power Sales Agreements; Enforcement and Amendment

- (a) NIMPA is duly authorized under all applicable laws to execute the Power Sales Agreements and to sell the capacity and output of the Project to the Power Purchasers upon the terms and conditions contained in the Power Sales Agreements. NIMPA shall not consent to the transfer or assignment of a Power Sales Agreement unless NIMPA has received from each Rating Agency who maintains an underlying rating on the Bonds, a written confirmation that the rating on the Bonds will not be adversely affected as a result of such transfer.
- (b) The Power Sales Agreements, certified or executed copies (or a composite copy) of which have been filed with the Trustee, set forth the covenants and obligations of NIMPA and the Power Purchasers and reference is hereby made to the Power Sales Agreements for a detailed statement of said covenants and obligations of the Power Purchasers thereunder.
- (c) NIMPA shall collect and forthwith deposit in the Revenue Fund all amounts payable to it by the Power Purchasers with respect to the Project pursuant to the Power Sales Agreements or pursuant to any other contract for the use or the sale of the capacity or output of the Project or any part thereof. NIMPA shall enforce the provisions of the Power Sales Agreements and duly perform its covenants and agreements thereunder. NIMPA will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Power Sales Agreements which will reduce the payments required thereunder with respect to the Project or which will in any manner materially impair or materially adversely affect the rights of NIMPA thereunder or the rights or security of the Bondowners under the Indenture. So long as the Bonds are Outstanding, NIMPA shall not establish a billing period with respect to the Project under the Power Sales Agreements that is longer than a month.
- (d) If for any reason any of the Power Sales Agreements are no longer in force and effect, NIMPA, to the extent permitted by law, shall use its best efforts to enter into one or more power purchase agreements or make other arrangements for the disposition of capacity or output of the Project to other power purchasers. NIMPA shall, to the extent permitted by law, provide for the payment of Revenues pursuant to any such power purchase agreements so entered into or other arrangements so made which will be fully sufficient in order to provide Revenues to pay the principal or redemption price of and interest to become due in respect of all Bonds in strict conformity with the terms of the Bonds and the Indenture.
- (e) NIMPA agrees that if an Event of Default exists and is continuing under the Indenture, the Trustee in its name or in the name of NIMPA may enforce all rights of NIMPA and all obligations of the Power Purchasers and NIMPA under and pursuant to such Power Sales Agreements for and on behalf of the Bondowners.
- (f) The failure of a Power Purchaser to make to NIMPA any of the payments for which provision is made in its Power Sales Agreement when due constitutes an immediate default on the part of such Power Purchaser as provided in the Power Sales Agreements. Upon the occurrence of such an event of default under any of the Power Sales Agreements, NIMPA shall immediately take all

actions authorized by the Power Sales Agreements against such Power Purchaser pursuant to the terms of the Power Sales Agreements.

Rates, Fees and Charges

- (a) NIMPA has, and will have as long as any Bonds are Outstanding, good right and lawful power to establish charges and cause to be collected amounts with respect to the use of the Project, subject to the terms of the Power Sales Agreements.
- (b) NIMPA shall promptly collect all amounts payable under the Power Sales Agreements as the same become due, and shall at all times maintain and promptly and vigorously enforce its rights against any Power Purchaser who does not pay such charges when due as provided in the Indenture.
- (c) NIMPA shall at all times fix, establish, maintain and collect rates and charges for the sale, use, capacity, output and services of the Project, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of:
 - (1) the amount required to be paid during such Fiscal Year into the Operating Account and Operating Reserve Account of the Operation and Maintenance Fund during such Fiscal Year;
 - (2) the amounts equal to the Aggregate Debt Service for such Fiscal Year required to be paid during such Fiscal Year into the Debt Service Fund other than any such amounts which the Annual Budget anticipates shall be transferred from other Funds;
 - (3) the amount, if any, to be paid during such Fiscal Year into the Common Debt Service Reserve Account or respective Series Debt Service Reserve Accounts in the Debt Service Reserve Fund (whether to replace amounts withdrawn from the Debt Service Reserve Fund, to reimburse amounts drawn on any Qualified Reserve Facility or otherwise);
 - (4) the amount, if any, required to be paid during such Fiscal Year into the Subordinated Bond Fund;
 - (5) the amount required to be paid during such Fiscal Year into the Reserve and Contingency Fund;
 - (6) the amounts, if any, required to be deposited in the General Reserve Fund during such Fiscal Year; and
 - (7) all other amounts, if any, required to be paid into any other Fund or Account during such Fiscal Year under the Indenture, and all other charges or amounts payable out of Revenues during such Fiscal Year.
- (d) NIMPA will not furnish or supply or cause to be furnished or supplied any capacity, output, use, or service of the Project, free of charge to any person, firm or corporation, public or private, and NIMPA may to the extent permitted by law enforce the payment of any and all accounts owing to NIMPA by reason of the operation of the Project by discontinuing such capacity, output, use or service, or by filing suit therefor within **120** days after any such accounts are due, or by both such discontinuance and by filing suit.

Annual Budget

- (a) Not less than **30** days prior to the beginning of each Fiscal Year, NIMPA shall prepare and file with the Trustee for the ensuing Fiscal Year an Annual Budget approved by the Board of Directors of NIMPA, which Annual Budget shall incorporate an Annual Project Budget with respect to the

Project. Such Annual Project Budget shall set forth in reasonable detail the estimated Revenues, Operation and Maintenance Expenses and other expenditures with respect to the Project and the estimated deposits to and amounts estimated to be expended from each Fund and Account established under the Indenture.

- (b) Following the end of each quarter of each Fiscal Year, NIMPA shall review the Annual Project Budget for such Fiscal Year, and in the event such review indicates that the Annual Project Budget does not or will not substantially correspond with actual receipts or expenditures, or if there are or are expected to be at any time during any such Fiscal Year extraordinary receipts, credits or expenditures that will substantially affect the amounts shown in the Annual Project Budget, NIMPA shall take the actions provided for in the Power Sales Agreements. In the event the Annual Project Budget is amended or supplemented, NIMPA will file with the Trustee a revised Annual Project Budget. NIMPA also may at any time adopt and file with the Trustee a revised Annual Project Budget for the remainder of the then current Fiscal Year.

Accounts and Reports

- (a) NIMPA shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project and each Fund and Account established under the Indenture and relating to costs and charges under the Power Sales Agreements and which, together with the Power Sales Agreements and all other books and papers of NIMPA, including insurance policies, relating to the Project, shall at all times be subject to the inspection of the Trustee.
- (b) The Trustee shall furnish statements to NIMPA promptly after the end of each month of the respective transactions during such month relating to each Fund and Account held by it under the Indenture. NIMPA shall have the right upon reasonable notice and during reasonable business hours to audit the books and records of the Trustee with respect to the Funds and Accounts held by the Trustee under the Indenture.
- (c) NIMPA shall annually, within **120** days after the close of each Fiscal Year, cause to be filed with the Trustee, and otherwise as provided by law, a copy of NIMPA's Audited Financial Statements for such Fiscal Year, accompanied by an Agency Certificate, which shall state whether or not, to the knowledge of the signer, NIMPA is in default with respect to any of the covenants, agreements or conditions on its part contained in the Indenture, and if so, the nature of such default.
- (d) NIMPA shall file with the Trustee (a) forthwith upon becoming aware of any Event of Default or default in the performance by NIMPA of any covenant, agreement or condition contained in the Indenture, an Agency Certificate specifying such Event of Default or default and (b) within **120** days after the end of each Fiscal Year, commencing with the first Fiscal Year ending after the issuance of the first Series of Bonds under the Indenture, an Agency Certificate stating that, to the best of the signer's knowledge and belief, NIMPA has kept, observed, performed and fulfilled its covenants and obligations contained in the Indenture and there does not exist at the date of such certificate any default by NIMPA under the Indenture or any Event of Default or other event which, with the lapse of time or giving of notice specified in the Indenture would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.
- (e) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Bondowners at the office of the Trustee and shall be mailed to each Bondowner who shall file a written request therefor with the Trustee. The Trustee may charge each Bondowner requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Creation of Liens

- (a) Except to the extent otherwise provided in the Indenture or the Project Agreements, the Revenues, and the Trust Estate are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by the Indenture, and all corporate or other action on the part of NIMPA to that end has been and will be duly and validly taken.
- (b) NIMPA will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Revenues or the Trust Estate, except as specifically authorized under the Indenture. NIMPA shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Revenues or the Trust Estate or by the Trustee under the Indenture and shall not create or cause to be created any lien or charge on the Revenues, or the Trust Estate; provided, however, that nothing contained in the Indenture shall prevent NIMPA from issuing, if and to the extent permitted by law, bonds, notes, debentures or other evidences of indebtedness payable on a basis subordinate to the Bonds.
- (c) NIMPA will not create, and will use its good faith efforts to prevent the creation of, any mortgage or lien upon the Project or any property essential to the proper operation of the Project or to the maintenance of the Revenues. NIMPA will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in or permitted by the Indenture.

Maintenance of Insurance

- (a) NIMPA shall, at all times, insure (or cause to be insured) the Prairie State Energy Campus from such causes customarily insured against for similar interests held by utilities constructing and operating electric generation facilities of the nature of the generation facilities of the Prairie State Energy Campus, and in such relative amounts as are usually obtained, to the extent available on commercially reasonable terms. NIMPA shall use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those with rights and interests similar to the Prairie State Energy Campus, to the extent available on commercially reasonable terms. Insurance maintained pursuant to the Project Agreements shall be deemed in compliance with this provision of the Indenture if such insurance otherwise complies with the requirements of the Indenture.
- (b) NIMPA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and the interests of the Bondowners, to the extent available on commercially reasonable terms.
- (c) Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to NIMPA or the Trustee, or as otherwise required by the Project Agreements.
- (d) NIMPA shall file or cause to be filed with the Trustee annually, within **120** days after the close of each Fiscal Year, an Agency Certificate setting forth (1) a description in reasonable detail of the insurance then in effect, including any self-insurance fund maintained, pursuant to the requirements of the Indenture and that NIMPA has complied in all respects with the requirements of the Indenture, and (2) whether during such year any loss has been incurred relating to Prairie State Energy Campus and, if so, the amount of insurance proceeds covering such loss and specifying the reasonable and necessary costs relating thereto.

Reconstruction; Application of Insurance Proceeds

- (a) If any useful portion of the Prairie State Energy Campus shall be damaged or destroyed, NIMPA shall as expeditiously as possible, continuously and diligently enforce its rights under the Project Agreements to cause to be prosecuted the repair, reconstruction or replacement thereof, unless NIMPA in an Agency Certificate filed with the Trustee shall state, in the judgment of NIMPA, that such reconstruction or replacement is not in the interest of NIMPA and the Bondowners or unless it is determined under the provisions of the Project Agreements that such reconstruction or replacement is not to be undertaken.
- (b) The proceeds of any insurance payable to NIMPA and not required to be paid as provided in the Project Agreements, paid on account of such damage or destruction (other than any business interruption loss insurance) shall be held by the Trustee in a special account in the Project Fund and made available for, and to the extent necessary be applied to, the costs of reconstruction. Pending such application, such proceeds shall be invested by NIMPA or the Trustee at the written direction of NIMPA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction. Interest earned on such account or investments shall be deposited into the Revenue Fund. The proceeds of any insurance not applied within 36 months after receipt thereof by NIMPA or the Trustee to the costs of reconstruction, or which NIMPA shall at any time notify the Trustee are not to be so applied, shall be deposited into the Revenue Fund. Notwithstanding the foregoing, in the event that payments are made from the Reserve and Contingency Fund for any such costs of reconstruction prior to the availability of insurance proceeds, including the proceeds of any self-insurance fund therefor, such proceeds when received shall be deposited in the Reserve and Contingency Fund to the extent of such payments therefrom.
- (c) The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund unless otherwise required by the Project Agreements.

Tax Covenants for Build America Bonds

NIMPA shall not use or permit the use of any proceeds of any Build America Bonds or any other funds of NIMPA, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the status of the Bonds as Build America Bonds and the benefits of such status. NIMPA agrees that so long as any of the Build America Bonds remain Outstanding, it will comply with the tax compliance provisions applicable to NIMPA under any Supplemental Indenture with respect to a Series of Build America Bonds.

NIMPA and the Trustee agree to comply with the tax compliance provisions under any Supplemental Indenture or tax compliance documents with respect to a Series of Bonds issued as Build America Bonds and with any statute, regulation or ruling that may apply to it as Trustee under the Supplemental Indenture and relating to reporting requirements or other requirements necessary to preserve the status of the Bonds as Build America Bonds and the benefits of such status.

Tax Covenants for Tax-Exempt Bonds

NIMPA shall not use or permit the use of any proceeds of any tax-exempt Bonds or any other funds of NIMPA, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the exclusion of the interest on any tax-exempt Bonds from gross income for federal income tax purposes. NIMPA agrees that so long as any of the Bonds remain Outstanding, it will comply with the tax compliance provisions applicable to NIMPA under any Supplemental Indenture with respect to a Series of tax-exempt Bonds.

NIMPA and the Trustee agree to comply with the tax compliance provisions under any Supplemental Indenture or tax compliance documents with respect to a Series of Bonds issued as tax-exempt Bonds and with any

statute, regulation or ruling that may apply to it as Trustee under the Supplemental Indenture and relating to reporting requirements or other requirements necessary to preserve the exclusion of the interest on any tax-exempt Bonds from gross income for federal income tax purposes.

Events of Default

The term “**Event of Default**”, wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable; or
- (b) default in the payment of the principal or redemption price of any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of NIMPA in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the provisions of the Indenture expressly defining an event of default), and continuance of such default or breach for a period of **60** days after there has been given to NIMPA by the Trustee or to NIMPA and the Trustee by the Owners of at least **25%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if NIMPA shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or
- (d) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of NIMPA, or adjudging NIMPA a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of NIMPA under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for NIMPA or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order remains unstayed and in effect for a period of **90** consecutive days; or
- (e) any other event described as an Event of Default in a Supplemental Indenture.

Acceleration of Maturity; Rescission and Annulment

If an Event of Default under the Indenture occurs and is continuing, the Trustee may, and if requested by the Owners of not less than **25%** in principal amount of the Bonds Outstanding shall, by written notice to NIMPA, declare the principal of all Bonds Outstanding and the interest accrued thereon to the date of acceleration to be due and payable, subject to the rights or limitations specified in a Supplemental Indenture with respect to a Series of Bonds, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice to NIMPA and the Trustee, rescind and annul such declaration and its consequences as provided in the Indenture.

Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) **Right to Bring Suit, Etc.** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, redemption price, if any, and interest on the Bonds Outstanding, including interest on overdue principal and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture to enforce and compel the performance of the duties and obligations of NIMPA as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) **Exercise of Remedies at Direction of Bondowners.** If requested in writing to do so by the Owners of not less than **25%** in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the Bondowners.
- (c) **Appointment of Receiver.** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (d) **Suits to Protect the Trust Estate.** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the Bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the Bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Bondowners in any judicial proceeding to which NIMPA is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the Bondowners.

Limitation on Suits by Bondowners

No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

- (a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;
- (b) the Owners of not less than **25%** in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;
- (c) such Owner or Owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

- (d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such **60**-day period by the Owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and redemption price, if any) and interest on such Bond on the respective stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any Owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners

The Owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default,

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that:
 - (1) such direction shall not be in conflict with any rule of law or the Indenture;
 - (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and
 - (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction.

Application of Moneys Collected

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) **First:** To the payment of all amounts due the Trustee under the Indenture.
- (b) **Second:** To the payment of Operation and Maintenance Expenses then due.
- (c) **Third:** To the payment of the interest and principal then due on the Bonds as follows:
 - (1) If the principal of all the Bonds shall not have become and shall not have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption or for which moneys for the payment thereof held pursuant to the provisions of the Indenture), in the order of the scheduled dates of their payment, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal and premium due on such date, to the persons entitled thereto without any discrimination or privilege.

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal, premium or interest over the others, 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, premium, if any, and interest to the persons entitled thereto without any discrimination or privilege; and

(3) 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 the Indenture, then, provided that no distribution has been made pursuant to the provisions of the Indenture described in paragraph (2) above, the moneys shall be applied in accordance with the provisions of the Indenture described in paragraph (1) above.

(d) **Fourth:** To the payment of the remainder, if any, to NIMPA or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, or as otherwise provided in a Supplemental Indenture.

Corporate Trustee Required; Eligibility

There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof or national banking association, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a corporate trust office located in the State of Illinois. The Trustee must have a combined capital and surplus or consolidated net worth of at least **\$100,000,000**, or must provide a guaranty of the full and prompt performance by the Trustee of its obligations under the Indenture and any other agreements made in connection with the Bonds, on terms satisfactory to NIMPA, by a guarantor with such combined capital and surplus or consolidated net worth.

Resignation and Removal of Trustee

(a) The Trustee may resign at any time by giving written notice thereof to NIMPA and each Owner of Bonds Outstanding as shown by the bond register required by the Indenture to be kept by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

- (b) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to NIMPA and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds.
- (c) NIMPA or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.
- (d) The Trustee may be removed at any time (so long as no Event of Default has occurred and is continuing under the Indenture) by an instrument in writing signed by NIMPA and delivered to the Trustee. The foregoing notwithstanding, the Trustee may not be removed by NIMPA unless written notice of the delivery of such instrument is given to the Owners of all Bonds Outstanding under the Indenture, which notice indicates the Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective not less than **60** days from the date of such notice, unless the Owners of not less than **25%** in aggregate principal amount of such Bonds Outstanding shall object in writing to such removal and replacement.
- (e) If at any time (1) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by NIMPA or by any such Bondowner, or (2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; then, in any such case, NIMPA may remove the Trustee, or any Bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, NIMPA, or the Owners of a majority in principal amount of Bonds Outstanding (if an Event of Default hereunder has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to NIMPA and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by NIMPA or the Bondowners. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, the Trustee or any Bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the Indenture shall be a bank with trust powers or trust company or national banking association in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Paying Agents and Bond Registrars

The Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds. NIMPA may, in its discretion, cause the necessary arrangements to be made through the Trustee for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, redemption price, if any, and interest on the Bonds of any Series or of alternate Bond Registrars for the purpose of registering, transferring and exchanging Bonds of any Series at the designated corporate trust office of said alternate Bond Registrars. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent and Bond Registrar for the Bonds, and the successor Trustee shall become such Trustee and

Paying Agent and Bond Registrar unless a separate Paying Agent and Bond Registrar are appointed by NIMPA in connection with the appointment of any successor Trustee.

Supplemental Indentures without Consent of Bondowners

Without the consent of the Owners of any Bonds, NIMPA and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to more precisely identify the facilities financed or refinanced with proceeds of the Bonds, or to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any Series of Bonds, as set forth in the Indenture, additional conditions, limitations and restrictions thereafter to be observed;
- (c) to authorize the issuance of any Series of Bonds and make such other provisions and to specify any other terms and provisions with respect to such Bonds that are not inconsistent with the provisions of the Indenture then in effect;
- (d) to modify or eliminate any of the terms of the Indenture; provided, however, that: (1) such Supplemental Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any Series issued prior to the execution of such Supplemental Indenture, and (2) the Trustee may, in its discretion, decline to enter into any such Supplemental Indenture which, in its judgment, may not afford adequate protection to the Trustee when the same becomes operative;
- (e) to evidence the appointment of a separate Trustee or the succession of a new Trustee under the Indenture;
- (f) to add to the covenants of NIMPA or to the rights, powers and remedies of the Trustee for the benefit of the Owners of all of the Bonds or to surrender any right or power conferred upon NIMPA under the Indenture;
- (g) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision of the Indenture, or to make any other change with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the Owners of the Bonds;
- (h) to authorize Subordinated Bonds and, in connection therewith, specify and determine any matters and things relative to such Subordinated Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the original issuance and delivery of such Subordinated Bonds;
- (i) to authorize a Qualified Credit Facility, Qualified Liquidity Facility, Qualified Reserve Facility, or Qualified Swap Facility with respect to any Series of Bonds, permitted under the Indenture;
- (j) to add additional Events of Default under the Indenture, including any default in the performance, or breach of any covenant or agreement, of NIMPA under any Qualified Credit Facility, Qualified Liquidity Facility, Qualified Reserve Facility or Qualified Swap Facility; or

- (k) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures with Consent of Bondowners

With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, NIMPA and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Owner of each Outstanding Bond affected thereby, carry out any of the following:

- (a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Indenture, or the consent of whose Owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences;
- (c) modify the obligation of NIMPA to make payment on or provide funds for the payment of any Bond;
- (d) modify or alter the provisions of the definition of the term “**Outstanding**”; or
- (e) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject to the Indenture or deprive the Owner of any Bond of the security afforded by the lien of the Indenture.

Payment, Discharge and Defeasance of Bonds

All or part of the Bonds of any Series or maturity will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if NIMPA shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal or redemption price of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal or redemption price of and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The foregoing notwithstanding, the liability of NIMPA in respect of such Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to the Indenture shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment to the persons entitled thereto, of the principal (and redemption price, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

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Form of Opinion of Bond Counsel

December 15, 2010

Board of Directors
Northern Illinois Municipal Power Agency

Re: \$72,310,000 Power Project Taxable Revenue Bonds, Series 2010 A (Prairie State Project Build America Bonds – Direct Payment) (the Bonds") of the Northern Illinois Municipal Power Agency (the "Agency")

Ladies and Gentlemen:

We have examined a certified transcript containing (a) the proceedings of the Agency relative to the authorization, issuance and sale of the Bonds, including the Trust Indenture dated as of August 1, 2007 (the "Trust Indenture") between the Agency and Wells Fargo Bank, National Association, as supplemented by Supplemental Trust Indenture No. 1 dated as of August 1, 2007 ("Supplemental No. 1"), Supplemental Trust Indenture No. 2 dated as of August 1, 2007 ("Supplemental No. 2"), Supplemental Trust Indenture No. 4 dated as of August 1, 2009 ("Supplemental No. 4"), Supplemental Trust Indenture No. 5 dated as of August 1, 2009 ("Supplemental No. 5") and Supplemental Trust Indenture No. 6 dated as of December 1, 2010 ("Supplemental No. 6," collectively with Supplemental No. 1, Supplemental No. 2, Supplemental No. 4, Supplemental No. 5 and the Trust Indenture, the "Indenture") pursuant to which the Bonds have been authorized, and (b) certain certificates, covenants and representations of the Agency concerning material facts or other matters within its knowledge or control. We have also examined the constitution and statutes of the State of Illinois (the "State"), including the 65 ILCS 5/11-119.1-1, et seq., the Illinois Joint Municipal Electric Power Act, as amended (the "Act"), and such other records, documents or laws as we have deemed relevant, appropriate or necessary for purposes of delivering the opinions set forth herein.

Based upon the foregoing and our review of such other information, papers, documents and statutes, regulations, rulings and decisions as we believe necessary or advisable, we are of the opinion that:

1. The Agency has the right and power under the Act to enter into the Indenture, and the Indenture has been duly and lawfully executed by the Agency, is in full force and effect, is the valid and binding agreement of the Agency, enforceable in accordance with its terms and no other authorization for the Indenture is required.

2. The Indenture creates the valid pledge it purports to create of the Trust Estate (as defined in the Indenture) subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Agency is duly authorized and entitled to issue the Bonds. The Bonds were duly and validly authorized and issued in accordance with the constitution, the statutes of the State, including the Act, and the Indenture. The Bonds constitute the valid and legally binding

obligations of the Agency as provided in the Indenture, enforceable in accordance with their terms, and are entitled to the benefits of the Act and the Indenture.

4. The Bonds are the special limited obligations of the Agency payable, as to principal and redemption price thereof and interest thereon, solely from the Net Revenues (as defined in the Indenture) and certain other funds of the Agency as provided in the Indenture. Neither the State nor any political subdivision thereof (other than the Agency) nor any city which is a member of the Agency shall be obligated to pay the principal or redemption price of, or interest on, the Bonds. No owner of the Bonds, receiver or trustee has any right to compel the State, any political subdivision thereof or any city which is a member of the Agency to exercise taxing or appropriation powers. The Agency has no taxing power.

It is to be understood that the enforceability of the Indenture and the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting creditors' rights generally, whether now in effect or hereafter enacted and the principles of equity applicable to the availability of specific performance. We express no opinion on the availability of any particular remedy. It is to be further understood that the rights of the owners of the Bonds under the Indenture and the enforceability thereof, may be subject to judicial remedies, at law or in equity, and the valid exercise of the constitutional powers of the State and the United States of America.

In rendering this opinion we have, with your permission, relied on, and assumed compliance with, certifications, covenants and representations of the Agency identified in the initial paragraph hereof.

Very truly yours,

DTC Book-Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2010 A Bonds. The 2010 A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by any authorized representative of DTC. One fully-registered 2010 A Bond certificate will be issued for each maturity of the 2010 A Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest 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 Participant's 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 wholly-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, 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 2010 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 A Bond ("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 2010 A 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 2010 A Bonds, except in the event that use of the book-entry system for the 2010 A Bonds is discontinued.

To facilitate subsequent transfers, all 2010 A 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 2010 A Bonds with DTC and their registration in the name of Cede & Co. or other such DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2010 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 A 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 2010 A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2010 A Bonds may wish to ascertain that the nominee holding the 2010 A 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.

Redemption notices shall be sent to DTC. If less than all of the 2010 A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2010 A Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to NIMPA 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 2010 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2010 A 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 funds and corresponding detail information from NIMPA or the Trustee on 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 (or its nominee), NIMPA or the Trustee, subject to any statutory or regulatory requirement as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of NIMPA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2010 A Bonds at any time by giving reasonable notice to NIMPA and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the 2010 A Bonds are required to be printed and delivered.

NIMPA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the 2010 A Bonds will be printed and delivered.

THE INFORMATION IN THIS APPENDIX "DTC BOOK-ENTRY SYSTEM" HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY NIMPA OR THE TRUSTEE AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY NIMPA OR THE TRUSTEE TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NEITHER NIMPA NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE 2010 A BONDS, OR FOR ANY PRINCIPAL OR INTEREST PAYMENT THEREON, EXCEPT AS OTHERWISE REQUIRED PURSUANT TO THE COUNTINUING DISCLOSURE UNDERTAKING ENTERED INTO BY NIMPA IN CONNECTION WITH THE ISSUANCE OF THE 2010 A BONDS.

Form of Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the “Agreement”) is executed and delivered by Northern Illinois Municipal Power Agency (“NIMPA”) in connection with the issuance of its \$72,310,000 Power Project Taxable Revenue Bonds, Series 2010 A (Prairie State Project Build America Bonds – Direct Payment). The Bonds are being issued pursuant to a Trust Indenture dated as of August 1, 2007 between NIMPA and Wells Fargo Bank, National Association, Indianapolis, Indiana, as Trustee (the “Trustee”) (the “Original Indenture”), as amended and supplemented from time to time, including, as supplemented by the Supplemental Trust Indenture No. 6, dated as of December 1, 2010 (the “Supplemental Indenture No. 6”). The Original Indenture as supplemented and amended from time to time is herein referred to as the “Indenture”.

In consideration of the issuance of the Bonds by NIMPA and the purchase of such Bonds by the Bondholders (as defined herein) thereof, NIMPA covenants and agrees as follows:

1. **Purpose of This Agreement.** This Agreement is executed and delivered by NIMPA as of the date set forth below, for the benefit of the Bondholders and in order to assist the Participating Underwriters (as defined herein) in complying with the requirements of the Rule (as defined herein).

2. **Definitions.** Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Indenture. In addition, the terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“Annual Financial Information” means the financial information and operating data relating to the Project Participants as described in Exhibit I.

“Annual Financial Information Disclosure” means the dissemination of Annual Financial Information and Audited Financial Statements as set forth in Section 4.

“Audited Financial Statements” means the audited financial statements of NIMPA and of the Project Participants, prepared pursuant to the standards and as described in Exhibit I.

”Bondholder” means any registered or beneficial owner or holder of any Bond, including any person which has or shares power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Commission” means the Securities and Exchange Commission.

“Exchange Act” means the Securities Exchange Act of 1934, as amended

“Final Official Statement means the Official Statement dated November 30, 2010, relating to the Bonds, including any document included therein by specific reference, which is available to the public on the MSRB’s internet website or filed with the Commission.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“Power Sales Agreements” mean the agreements entered into between the Project Participants and NIMPA requiring the Project Participants to make monthly payments to NIMPA for deposit into the Revenue Fund established under the Indenture in amounts sufficient to pay that Participant’s proportionate share of (a) the fixed and variable costs NIMPA incurs in connection with the Project, and

(b) NIMPA's administrative and other reasonable costs associated with its role as power supplier to the Project Participants. Each Project Participant's obligation to make such payments is a special limited obligation payable solely out of the revenues of its municipal electric system. Such payments are payable whether or not the Project is operating or operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part, are not subject to any reduction, whether by offset, counterclaim, recoupment or otherwise and are not conditioned upon the performance or nonperformance of NIMPA or any other person under the Power Sales Agreements or any other agreement for any cause whatsoever. All payments due to NIMPA under the Power Sales Agreements are designated as operating and maintenance expenses and are to be made prior to the payment of principal of and interest on any outstanding debt of the Project Participants.

"Project" means NIMPA's undivided interest in the Prairie State Project, which entitles NIMPA to approximately 120 MW of the capacity and output of the Prairie State Generating Station and a proportionate share of the adjacent coal reserves and mining facilities.

"Project Participants" means the Illinois cities of Batavia, Geneva and Rochelle.

"Reportable Event" means the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purpose of the Reportable Event set forth in clause (12) above, the Reportable Event is considered to occur when any of the following occur:

- (a) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority; or

- (b) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

"Reportable Events Disclosure" means dissemination of a notice of a Reportable Event.

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“Undertaking” means the obligations of NIMPA pursuant to Sections 3 and 4.

3. Annual Financial Information Disclosure. Subject to Sections 7 and 8 of this Agreement, NIMPA hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to the MSRB in an electronic format as prescribed by the MSRB. NIMPA will deliver such information in such manner and by such time so that the MSRB receives the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, or because the Project Participant to which it is related has ceased to be a Project Participant, NIMPA will disseminate a statement to such effect as part of the Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB in an electronic format as prescribed by the MSRB) shall contain a narrative description of the reason for such amendment and its impact on the type of information being provided.

4. Reportable Events Disclosure. Subject to Sections 7 and 8 of this Agreement, NIMPA hereby covenants that it will disseminate, in a timely manner within 10 business days of the occurrence of a Reportable Event, Reportable Events Disclosure to the MSRB in an electronic format as prescribed by the MSRB.

5. Duty to Determine Electronic Format Prescribed by the MSRB. NIMPA shall determine, in the manner it deems appropriate, the electronic format prescribed by the MSRB in connection with any of its filings with the MSRB pursuant to this Agreement. All documents provided to the MSRB under this Agreement shall be accompanied by identifying information as prescribed by the MSRB.

6. Consequences of Failure of NIMPA to Provide Information. NIMPA shall give notice in a timely manner to the MSRB in an electronic format prescribed by the MSRB, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of NIMPA to comply with any provision of this Agreement, any Bondholder may seek mandamus or specific performance by court order, to cause NIMPA to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of NIMPA to comply with this Agreement shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Agreement, NIMPA by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

- (a.) The Amendment or waiver is 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 NIMPA, or type of business conducted;

(b.) This Agreement, as amended, or the provision, as waived, 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

(c.) The amendment or waiver does not materially impair the interests of any Bondholders, as determined either by (i) parties unaffiliated with NIMPA or (ii) the Trustee.

8. Termination or Suspension of Undertaking. (a) The Undertaking of NIMPA to provide Annual Financial Information and Audited Financial Statements with respect to NIMPA shall be terminated hereunder if NIMPA shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture.

(b) The Undertaking of NIMPA to provide Annual Financial Information and Audited Financial Statements with respect to any Participant shall be (i) terminated hereunder if such Participant shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture and the Power Sales Agreements or (ii) terminated if the Undertaking of NIMPA shall have been terminated pursuant to Section 8(a) above.

9. Dissemination Agent. NIMPA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Agreement shall be deemed to prevent NIMPA from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If NIMPA chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, NIMPA shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of NIMPA and the Bondholders, and shall create no rights in any other person or entity.

12. Recordkeeping. NIMPA shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure and the date of filing such disclosure.

13. Assignment. NIMPA shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of NIMPA under this Agreement or to execute an undertaking under the Rule.

14. Governing Law. This Agreement shall be governed by the laws of the State of Illinois.

Northern Illinois Municipal Power Agency

By: _____
President

Date: December 15, 2010

EXHIBIT I
ANNUAL FINANCIAL INFORMATION
AUDITED FINANCIAL STATEMENTS
TIMING OF DISCLOSURE

“Annual Financial Information” means financial information and operating data relating to the Project Participants of the type contained under the headings “Electric Rates”, “Electric System Requirements”, “Customer Information”, “Financial Condition” and “Litigation” for each of the Project Participants in the Official Statement under the caption “Appendix B: The Project Participants”.

“Audited Financial Statements” means:

- (i.) with respect to NIMPA, NIMPA’s audited financial statements for its most recent fiscal year, prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to NIMPA in the future pursuant to applicable law); and
- (ii.) with respect to the Project Participants, the audited financial statements of each Project Participant, for its most recent fiscal year, prepared in accordance with GAAP in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to the Project Participants in the future pursuant to applicable law).

All or a portion of the Annual Financial Information and the Audited Financial Statements set forth above may be included by reference to other documents available to the public on the MSRB’s internet website or filed with the Commission. NIMPA shall clearly identify each such item of information included by reference.

Timing of Disclosure. Annual Financial Information will be provided to the MSRB in an electronic format as prescribed by the MSRB, by NIMPA within 210 days after each December 31, commencing with the one year period ending December 31, 2010.

In the event the Audited Financial Statements of NIMPA or the City of Batavia for the one year period ending on December 31 preceding the deadline for filing the Annual Financial Information for such period are available by such deadline, NIMPA shall include such Audited Financial Statements with the filing of such Annual Financial Information in accordance with Section 3 of the Agreement. In the event the Audited Financial Statements of NIMPA or the City of Batavia for the one year period ending on December 31 preceding the deadline for filing the Annual Financial Information for such period are not available by such deadline, NIMPA shall file such Audited Financial Statements, when and if available, within 60 days of receipt of such Audited Financial Statements from its auditors, in accordance with Section 3 of the Agreement. NIMPA shall file the Audited Financial Statements of the Cities of Geneva and Rochelle, for each one year period ending on April 30, commencing with the one year period ending April 30, 2011, when and if available, within 60 days of receipt of such Audited Financial Statements from their auditors, in accordance with Section 3 of the Agreement.

If any change is made to the Annual Financial Information as permitted in Section 3 of the Agreement, NIMPA shall include in the Annual Financial Information for the year in which such change is made a narrative description of the reason for such change and its impact on the type of information being presented as required in Section 3.

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