



Municipal Electric Authority of Georgia

ANNUAL INFORMATION STATEMENT

For The Fiscal Year Ended December 31, 2009

The following documents (collectively, the “Annual Information Statement”) set forth certain information concerning MEAG Power (including, among other things, MEAG Power’s outstanding debt, its Projects, certain of its Participants and its audited consolidated financial statements for its fiscal years 2009 and 2008). The information contained in the Annual Information Statement speaks only as of the date thereof, and MEAG Power assumes no duty to update any information contained in the Annual Information Statement.

In accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, MEAG Power has filed the Annual Information Statement with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access (“EMMA”) website currently located at <http://emma.msrb.org> pursuant to Rule 15c2-12 in satisfaction of MEAG Power’s obligations under certain continuing disclosure undertakings made by MEAG Power pursuant to Rule 15c2-12 with respect to certain issues of its bonds. Because of limitations inherent in the electronic transmission of documents, the appearance (but not the content) of the Annual Information Statement on this website may differ from the version thereof filed with the MSRB through the EMMA website.

In accordance with Rule 15c2-12, MEAG Power may, from time to time, include by specific reference in the official statements or other offering documents relating to its securities all or any portion of the information contained in the Annual Information Statement, to the extent specified in such official statements or other offering documents (and subject to any provision of any such official statement or other offering document modifying, supplementing or superseding any such included portion). The Annual Information Statement is provided on this website for informational purposes only and must not be considered to be an offer to sell or the solicitation of an offer to buy any securities of MEAG Power in any jurisdiction, which offer or solicitation may only be made by an official statement or other offering document.

Each viewer acknowledges that (a) MEAG Power is not, by the Annual Information Statement, offering to sell any securities, nor soliciting an offer to buy any securities, (b) the Annual Information Statement will not be construed by the viewer as any description of MEAG Power, any of its Participants or the other parties referred to therein or their respective affairs at any time subsequent to the date of the Annual Information Statement nor will the viewer assume from the availability of the Annual Information Statement on this website that the affairs of MEAG Power, any of its Participants or the other parties referred to therein have not changed since the date of the Annual Information Statement and (c) because the information contained in the Annual Information Statement may be out of date or incomplete, the Annual Information Statement must not be relied upon in connection with any decision to purchase or sell any securities of MEAG Power.

SUMMARY OF TELECOMMUNICATIONS BOND RESOLUTION

The following is a general summary of certain provisions of the Telecommunications Bond Resolution pursuant to which Telecommunications Bonds are issued. Summaries of certain definitions are set forth at the end of this APPENDIX O. Other terms defined in the Telecommunications Bond Resolution for which summary definitions are not set forth are indicated by capitalization.

Application of Revenues

Revenues under the Telecommunications Bond Resolution are pledged to the payment of principal of, and premium, if any, and interest on Telecommunications Bonds of all Series, subject to the provisions of the Telecommunications Bond Resolution permitting application for other purposes. For the application of Revenues, the Telecommunications Bond Resolution establishes a Revenue and Operating Fund (which has separate subaccounts on MEAG Power's books for Revenues received from each Telecommunications Participant) and a Reserve and Contingency Fund held by MEAG Power, and a Debt Service Fund, consisting of a Debt Service Account, a Debt Service Reserve Account and a Bond Retirement Account, and a Construction Fund, held by the Trustee. The Trustee and MEAG Power may deposit monies in such Funds with certain banks, trust companies and national banking associations.

All Revenues received under the Telecommunications Bond Resolution are to be deposited by MEAG Power as soon as practicable in the Revenue and Operating Fund. Amounts in the Revenue and Operating Fund are paid out from time to time for application therefrom as follows:

1. Amounts in the Revenue and Operating Fund attributable to each Telecommunications Participant shall be paid out from time to time by MEAG Power as MEAG Power reasonably deems necessary to meet such Telecommunications Participant's share (determined as provided in the Telecommunications Contracts) of required payments under the Telecommunications Project Agreements and other required operating expenses of the Telecommunications Project; *provided, however*, that no such payment shall be made if the amount of such payment is in excess of such Telecommunications Participant's share (determined as aforesaid) of the unencumbered balance of the appropriations in the annual budget for the Telecommunications Project.

2. No later than the last Business Day of each month, MEAG Power shall withdraw from the amounts in the Revenue and Operating Fund attributable to each Telecommunications Participant and deposit in the following Funds and Accounts in the following order the amounts set forth below:

(i) ***In the Debt Service Fund***, (a) for credit to a separate subaccount in the Debt Service Account, the amount, if any, required so that the balance in said subaccount attributable to such Telecommunications Participant shall equal such Telecommunications Participant's share (determined as provided in the Telecommunications Contracts) of the Accrued Aggregate Debt Service; *provided, however*, that, for the purposes of computing the amount on deposit in said subaccount, there shall be excluded the amount, if any, set aside in said subaccount and attributable to such Telecommunications Participant from the proceeds of Telecommunications Bonds less that amount of such proceeds to be applied in accordance with the Telecommunications Bond Resolution to interest accrued and unpaid and to accrue on Telecommunications Bonds to the last day of the then current calendar month; and (b) subject to the second and third provisos below, for credit to each separate sub-subaccount

established for each such Telecommunications Participant in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such sub-subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue and Operating Fund attributable to such Telecommunications Participant shall not be sufficient to make the deposits required to be made as described in this subclause (b) with respect to all of the separate sub-subaccounts in all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue and Operating Fund attributable to such Telecommunications Participant shall be applied ratably, in proportion to the amount necessary for deposit into each such sub-subaccount); *provided, however*, that so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Telecommunications Bonds in accordance with their terms (including principal or applicable sinking fund redemption price and interest thereon), no deposits shall be required to be made into the Debt Service Fund; and *provided, further*, that any deficiency in any such separate sub-subaccount of such Telecommunications Participant attributable to a withdrawal of amounts therefrom pursuant to the Telecommunications Bond Resolution shall be cured by depositing into such sub-subaccount each month during the next succeeding six months an amount equal to one-sixth (1/6th) of the amount of the withdrawal; and *provided, further*, that any other deficiency in any such sub-subaccount shall be cured by depositing into such sub-subaccount each month during the next succeeding twelve months an amount equal to one-twelfth (1/12th) of the amount of the deficiency, except that, if a new valuation of Investment Securities held in such sub-subaccount is made pursuant to the Telecommunications Bond Resolution during the period that such deposits are required, then the obligation of MEAG Power to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined under this proviso on the basis of the new valuation.

The Trustee shall pay out of the appropriate subaccounts of the Debt Service Account in the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Telecommunications Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Telecommunications Bonds, the amount required for the payment of interest on the Telecommunications Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the appropriate subaccounts of the Debt Service Account the accrued interest included in the purchase price of Telecommunications Bonds purchased for retirement.

Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Telecommunications Bonds for which such Sinking Fund Installment was established) may and, if so directed by MEAG Power, shall be applied by the Trustee, on or prior to the 40th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Telecommunications Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund redemption price of such Telecommunications Bonds, if then redeemable by their terms. All purchases of any Telecommunications Bonds pursuant to the Telecommunications Bond Resolution shall be made at prices not exceeding the applicable sinking fund redemption price of such Telecommunications Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed

by MEAG Power. The applicable sinking fund redemption price (or principal amount of maturing Telecommunications Bonds) of any Telecommunications Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment due date, for the purpose of calculating the amount of such Account.

As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in the Telecommunications Bond Resolution, on such due date Telecommunications Bonds of the Series and maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Telecommunications 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 Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Telecommunications Bonds so called for redemption (or for the payment of such Telecommunications 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 Telecommunications Bonds shall be paid by MEAG Power from the Revenue and Operating Fund.

The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Telecommunications Bonds shall be set aside in such Account and applied to the payment of interest on Telecommunications Bonds in accordance with certificates of Authorized Officers of MEAG Power delivered to the Trustee pursuant to the Telecommunications Bond Resolution or, in the event that MEAG Power shall modify or amend any such certificate by a subsequent certificate signed by an Authorized Officer of MEAG Power and filed with the Trustee, then in accordance with the most recent such certificates or amended certificates.

In the event of the refunding or defeasance of any Bonds, the Trustee shall, upon the direction of an Authorized Officer of MEAG Power, withdraw from the Debt Service Account all or any portion of the amounts accumulated therein 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 Telecommunications Bonds being refunded; *provided, however,* that such withdrawal shall not be made unless (i) immediately thereafter the Telecommunications Bonds being refunded shall be deemed to have been paid pursuant to the Telecommunications Bond Resolution, and (ii) the amount remaining in the Debt Service Account, after giving effect to the issuance of any obligations being issued to refund such Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Account pursuant to the Telecommunications Bond Resolution. In the event of such refunding or defeasance, an Authorized Officer of MEAG Power may also direct the Trustee to withdraw from the Debt Service Account in the Debt Service Fund all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Telecommunications Bond Resolution; *provided, however,* that such withdrawal shall not be made unless items (i) and (ii) referred to above have been satisfied.

The Telecommunications Bond Resolution provides that there may be established in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Telecommunications Bonds, as provided in the Supplemental Resolution establishing each such subaccount. There shall be established within each such separate

subaccount a separate sub-subaccount with respect to each Telecommunications Participant other than a Prepaid Telecommunications Participant with respect to such Series of Telecommunications Bonds.

If on any day on which the principal or sinking fund redemption price of or interest on Telecommunications Bonds shall be due the amount on deposit in the Debt Service Account shall be less than the amount required to pay such principal or sinking fund redemption price or interest, as applicable, the Trustee shall apply amounts from each applicable separate sub-subaccount in each separate subaccount in the Debt Service Reserve Account, in proportion to the respective Debt Service Reserve Requirements applicable thereto, to make good the deficiency that exists with respect to the Telecommunications Bonds secured thereby; *provided, however*, that in the case of any such deficiency in the Debt Service Account that is due to a failure by one or more Telecommunications Participants to make required payments under their respective Telecommunications Contracts, the amount applied from such separate subaccount shall be derived solely from the sub-subaccount(s) therein relating to such Telecommunications Participant(s).

Whenever the balance of moneys and securities on deposit in any sub-subaccount in any subaccount in the Debt Service Reserve Account established with respect to a particular Telecommunications Participant shall exceed the Debt Service Reserve Requirement applicable thereto, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such sub-subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, the amount of such excess shall be transferred to the Revenue and Operating Fund, and any portion thereof not required to satisfy the provisions of the Telecommunications Bond Resolution relating to the Working Capital Requirement, shall be applied to (a) the purchase or redemption of any Telecommunications Bonds or any reserves required for such purposes; (b) payments into the Construction Fund for application to the purposes of such fund; (c) improvements, extensions, betterments, renewals and replacements of any properties of the Telecommunications Project; (d) to reduce the cost of the services of the Telecommunications Project to the Telecommunications Participants under the Telecommunications Contracts; and (e) any other lawful purposes of MEAG Power related to the Telecommunications Project.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Telecommunications Bonds in accordance with their terms (including principal or applicable sinking fund redemption price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Any provision of the Telecommunications Bond Resolution to the contrary notwithstanding, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Telecommunications Bonds in accordance with their terms (including principal or applicable sinking fund redemption price and interest thereon), no deposits shall be required to be made into the Debt Service Reserve Account.

Upon any Defeasance Payment by a Telecommunications Participant that results in the amount in its sub-subaccount being in excess of the Debt Service Reserve Requirement applicable thereto, such excess shall be transferred to the subaccount in the Bond Retirement Account in the Debt Service Fund established with respect to such Telecommunications Participant; *provided, however*, that if such Defeasance Payment shall result in such Telecommunications Participant being a Prepaid Telecommunications Participant, then such excess shall be transferred to such Telecommunications Participant.

In the event of the refunding or defeasance of any Telecommunications Bonds with respect to which a subaccount has been established in the Debt Service Reserve Account, the Trustee shall, upon the direction of an Authorized Officer of MEAG Power, withdraw from the separate sub-subaccounts in the separate subaccount in the Debt Service Reserve Account established for the benefit of such Telecommunications Bonds (in proportion to the amounts required to be on deposit in such sub-subaccounts) all or any portion of the amounts accumulated therein 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 Telecommunications Bonds being refunded or defeased; *provided, however*, that such withdrawal shall not be made unless (i) immediately thereafter the Telecommunications Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Telecommunications Bond Resolution, and (ii) the amount remaining in such separate sub-subaccounts in the separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such sub-subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund such Telecommunications Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, MEAG Power may also direct the Trustee to withdraw from such separate sub-subaccounts in the separate subaccount in the Debt Service Reserve Account (in proportion to the amounts required to be on deposit in such sub-subaccounts) all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Telecommunications Bond Resolution; *provided, however*, that such withdrawal shall not be made unless items (i) and (ii) referred to above have been satisfied.

To the extent and in the manner so authorized in the Supplemental Resolution establishing any subaccount in the Debt Service Reserve Account, in lieu of depositing moneys in each sub-subaccount in such subaccount, or in substitution for moneys previously deposited in any such sub-subaccount, MEAG Power may provide the Trustee with a policy of insurance, surety bond, letter of credit or similar instrument for deposit in such sub-subaccount or such amount may be provided from Revenues or otherwise.

(ii) ***In the Reserve and Contingency Fund***, the difference between (X) the Monthly Reserve and Contingency Deposit and (Y) the amount, if any, to be deposited in the Segregated Reserve and Contingency Fund during such month described in the fifth paragraph under the caption “Segregated Funds” below.

Amounts in the Reserve and Contingency Fund are applied to the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to the Telecommunications Project necessary, in the opinion of an Authorized Officer of MEAG Power, to keep the same in good operating condition or to prevent a loss of revenues therefrom, or required by any governmental agency having jurisdiction over the Telecommunications Project or any part thereof or for which MEAG Power is responsible by virtue of any obligation of MEAG Power arising out of any Telecommunications Project Agreement.

If on the last day of any calendar year the amount in the Reserve and Contingency Fund exceeds the amounts required for the purposes thereof, all or a portion of the amount of such excess will be transferred to the Revenue and Operating Fund, if and to the extent such amount is required to satisfy the Working Capital Requirement (as described below) and the balance, if any, of such excess will be transferred to such

subaccount(s) in the Bond Retirement Account in the Debt Service Fund as an Authorized Officer of MEAG Power determines.

Subject to (A) the provisions of items 1 and 2 above, and (B) the maintenance of Working Capital by MEAG Power in the Revenue and Operating Fund and the Segregated Revenue and Operating Fund, proportionately, in an aggregate amount equal to or greater than the Working Capital Requirement, amounts in the Revenue and Operating Fund may be applied as set forth in the immediately following paragraph. The term “Working Capital” means as of any date an amount equal to (1) the excess of current assets over the current liabilities of the Telecommunications Project as of such date minus (2) the amount then on deposit in the Debt Service Account in the Debt Service Fund; and the term “Working Capital Requirement” means such dollar amount as MEAG Power shall establish from time to time, which at any time shall be not less than MEAG Power’s budgeted operating expenses for the Telecommunications Project for the next succeeding 45 days.

Amounts in the Revenue and Operating Fund not required for the purposes set forth above may upon determination of MEAG Power be applied to or set aside for any one or more of the following: (a) the purchase or redemption of any Telecommunications Bonds or any reserves required for such purposes; (b) payments into the Construction Fund for application to the purposes of such fund; (c) improvements, extensions, betterments, renewals and replacements of any properties of the Telecommunications Project; (d) to reduce the cost of the services of the Telecommunications Project to the Telecommunications Participants under the Telecommunications Contracts; and (e) any other lawful purposes of MEAG Power related to the Telecommunications Project; *provided, however*, any proceeds of any insurance paid on account of the damage or destruction of any useful portion of the Telecommunications Project deposited in the Revenue and Operating Fund shall be used only for the purposes specified in clauses (a) to (c), inclusive, described immediately above, and *provided, further*, that, subject to the provisions of Telecommunications Bond Resolution, amounts deposited in the Revenue and Operating Fund and required by the Telecommunications Bond Resolution to be applied to the purchase or redemption of Telecommunications Bonds shall be applied to such purpose.

Upon any purchase or redemption of Telecommunications Bonds of any Series, maturity and interest rate for which Sinking Fund Installments shall have been established, other than any such purchase or redemption funded from amounts accumulated in the Debt Service Account as provided for in the Telecommunications Bond Resolution, there shall be credited toward such Sinking Fund Installment or Sinking Fund Installments thereafter to become due as MEAG Power shall select in its sole discretion the total principal amount of such Telecommunications Bonds so purchased or redeemed. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Initial Subaccount in the Debt Service Reserve Account

MEAG Power may establish in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Telecommunications Bonds, in the manner and to the extent provided in the Supplemental Resolution establishing each such subaccount. In the First Supplemental Telecommunications Bond Resolution, MEAG Power has established a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Telecommunications Bond Resolution entitled the “Initial Subaccount.” The 2003 Telecommunications Bonds were and any additional Telecommunications Bonds as shall be determined by MEAG Power will be additionally secured by amounts on deposit in (and any reserve fund credit instrument(s) (hereinafter defined) credited to) the Initial Subaccount. The 2009 Telecommunications Bonds are not additionally secured by the Initial Subaccount.

The Telecommunications Bond Resolution requires MEAG Power to deposit and maintain in each separate sub-subaccount in the Initial Subaccount in the Debt Service Reserve Account moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Debt Service Reserve Requirement for each such sub-subaccount. The Debt Service Reserve Requirement for each sub-subaccount in the Initial Subaccount is defined in the First Supplemental Telecommunications Bond Resolution to mean, at any time, an amount equal to the sum of the maximum amounts of Debt Service on the Telecommunications Bonds of each Series that are additionally secured by the Initial Subaccount that are allocable to the Telecommunications Participant for whom such sub-subaccount has been established (determined as provided in the Telecommunications Contracts) in the then current or any future calendar year, determined as of the respective dates of issuance of the Telecommunications Bonds of such Series and, with respect to any Variable Rate Telecommunications Bonds, calculating the Debt Service on such Variable Rate Telecommunications Bonds at such rate of interest as MEAG Power shall determine; *provided, however*, that in the event that any Telecommunications Participant shall make a Defeasance Payment, the Debt Service Reserve Requirement for the sub-subaccount in the Initial Subaccount established with respect to such Telecommunications Participant shall be redetermined as of the date of the making of such Defeasance Payment, and shall be equal to the sum of the maximum amounts of Debt Service that are allocable to such Telecommunications Participant in the then current or any future calendar year with respect to the Telecommunications Bonds of each Series secured by the Initial Subaccount that remain Outstanding following the making of such Defeasance Payment; and *provided, further*, that in the event that MEAG Power shall refund any of the Telecommunications Bonds of any such Series, the Debt Service Reserve Requirement for each sub-subaccount in the Initial Subaccount shall be redetermined as of the date of such refunding, and shall be equal to the sum of the maximum amounts of Debt Service that are allocable to the Telecommunications Participant for whom such sub-subaccount has been established in the then current or any future twelve-month period ending on October 31 with respect to the Telecommunications Bonds of each Series secured by the Initial Subaccount that remain Outstanding following such refunding.

The First Supplemental Telecommunications Bond Resolution provides that in lieu of maintaining moneys or investments in any sub-subaccount of the Initial Subaccount in the Debt Service Reserve Account, MEAG Power at any time may cause to be deposited therein for the benefit of the Holders of the Telecommunications Bonds that are additionally secured thereby (the “Initial Subaccount Additionally Secured Bonds”) an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (a “reserve fund credit instrument”), in an amount equal to the difference between the Debt Service Reserve Requirement for any such subaccount in the Initial Subaccount and the sums of money or value of Investment Securities then on deposit in such subaccount in the Initial Subaccount, if any. The following is a summary of the provisions of the First Supplemental Telecommunications Bond Resolution relating to the deposit of reserve fund credit instruments to the sub-accounts in the Initial Subaccount:

(a) A surety bond or insurance policy issued by an insurance company licensed or otherwise qualified to do business in the State of Georgia may be deposited in any sub-subaccount in the Initial Subaccount if the claims-paying ability of the issuer thereof is rated “AAA” by S&P and “Aaa” by Moody’s.

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in any sub-subaccount the Initial Subaccount if the senior, unsecured long-term debt of the issuer thereof is rated at least “AA” by S&P and “Aa2” by Moody’s, and if such letter of credit shall be payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify MEAG Power and the Trustee,

not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, MEAG Power shall deposit in each such sub-subaccount the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit therein, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement therefor, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in either of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or each such sub-subaccount the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument shall be subject to receipt of an opinion of counsel acceptable to an Authorized Officer of MEAG Power and the Trustee and in form and substance satisfactory to such Authorized Officer and the Trustee as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to an Authorized Officer of MEAG Power and the Trustee. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to an Authorized Officer of MEAG Power and the Trustee and in form and substance satisfactory to such Authorized Officer and the Trustee to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against MEAG Power.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of Debt Service on the Telecommunications Bonds. In addition, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be prior to the cash replenishment of each such sub-subaccount in the Initial Subaccount.

(f) The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If (i) such revolving reinstatement feature is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (iii) the rating of the issuer of the letter of credit falls below a S&P "AA" or a Moody's "Aa2", MEAG Power shall either (X) deposit into each such sub-subaccount in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in each such sub-subaccount to equal the Debt Service Reserve Requirement therefor, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, MEAG Power shall either (X) deposit into each such sub-subaccount in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit therein to equal to Debt

Service Reserve Requirement therefor, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in each such sub-subaccount in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into any sub-subaccount in the Initial Subaccount as aforesaid, any amounts owed by MEAG Power to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of Debt Service requirements required to be made pursuant to the Telecommunications Bond Resolution for purposes of the covenant described under the caption "Rate Covenant" below.

(i) The Trustee shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Initial Subaccount Additionally Secured Bonds.

(j) Cash on deposit in any sub-subaccount in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in any sub-subaccount in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a *pro rata* basis, calculated by reference to the maximum amounts available thereunder.

Debt Service Fund – Bond Retirement Account

Pursuant to the Telecommunications Bond Resolution, there is established within the Bond Retirement Account in the Debt Service Fund a separate sub-subaccount with respect to each Telecommunications Participant other than a Prepaid Telecommunications Participant.

Amounts accumulated in each subaccount in the Bond Retirement Account shall be applied by the Trustee to the redemption, at the applicable redemption price, of such Telecommunications Bonds as are specified by an Authorized Officer of MEAG Power or to the purchase in the open market of such Telecommunications Bonds as shall be specified by an Authorized Officer of MEAG Power.

Construction Fund

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Telecommunications Bond Resolution and any Supplemental Resolution thereto, and there may be paid into the Construction Fund, at the option of MEAG Power, any moneys received for or in connection with the Telecommunications Project by MEAG Power from any other source, unless required to be otherwise applied as provided by the Telecommunications Bond Resolution. Amounts in the Construction Fund shall be applied to the Cost of Acquisition and Construction of the Telecommunications Project in the manner provided in the Telecommunications Bond Resolution.

The proceeds of insurance maintained pursuant to the Telecommunications Bond Resolution against physical loss of or damage to the Telecommunications Project, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the Construction Fund.

The Trustee shall make payments from the Construction Fund, except certain payments and withdrawals pursuant to the Telecommunications Bond Resolution, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in the Telecommunications Bond Resolution. Before any such payment shall be made, MEAG Power shall file with the Trustee its requisition therefor, signed by an Authorized Officer of MEAG Power, stating in respect of each payment to be made (i) the particular account established within the Construction Fund from which such payment is to be made, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, (iv) the particular item of the Cost of Acquisition and Construction to be paid and (v) that the cost or the obligation in the stated amount is a proper charge against said particular account in the Construction Fund and is a proper item of the Cost of Acquisition and Construction of the Telecommunications Project, and has not been paid. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment required by such requisition and promptly provide MEAG Power with written evidence thereof.

The Trustee shall, during construction of the Telecommunications Project, pay from the Construction Fund to MEAG Power, upon its requisitions therefor signed by an Authorized Officer of MEAG Power, at one time or from time to time, a sum or sums aggregating not more than \$1,000,000 or such larger amount as an Authorized Officer of MEAG Power shall certify to the Trustee as necessary to allow for the expeditious payment of Cost of Acquisition and Construction, such sums to be used by MEAG Power as a revolving fund for the purpose of paying the Cost of Acquisition and Construction of the Telecommunications Project. So long as the amount in such revolving fund shall at any time be less than \$1,000,000 (or such larger amount as shall be certified as aforesaid), such revolving fund shall be reimbursed by the Trustee from time to time for such expenses so paid, by payments from the Construction Fund upon requisitions signed by an Authorized Officer of MEAG Power 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 of the Telecommunications Project. In making such reimbursement the Trustee may rely upon such requisitions and accompanying certificates.

Notwithstanding any of the other provisions of the Telecommunications Bond Resolution, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Telecommunications Bonds when due.

Amounts credited to the Construction Fund which MEAG Power at any time determines to be in excess of the amounts required for the purposes thereof shall, at the request of MEAG Power, be transferred to such subaccount(s) in the Bond Retirement Account in the Debt Service Fund as an Authorized Officer of MEAG Power shall determine, or, if so requested by MEAG Power, be paid to MEAG Power for credit to the Revenue and Operating Fund; *provided, however*, that the amount of any such credit to the Revenue and Operating Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Telecommunications Bond Resolution.

Segregated Funds

Each Telecommunications Participant has the right under its Telecommunications Contract to prepay all or any portion of the amounts owed by it in respect of its interest in the Telecommunications Project and its share of the Annual Telecommunications Project Costs by either (a) prior to the issuance of a particular Series of Telecommunications Bonds to finance the Cost of Acquisition and Construction, paying to MEAG Power an amount (referred to as such Telecommunications Participant's "Capital

Contribution”) equal to all or any portion of the Non-Financing Portion of the Cost of Acquisition and Construction otherwise to be financed that is allocable to it for this purpose in accordance with its Telecommunications Contract, thereby reducing the principal amount of Telecommunications Bonds that MEAG Power is required to issue, or (b) from time to time while Telecommunications Bonds are Outstanding, paying to MEAG Power an amount, which may be in the form of moneys or Defeasance Securities that comply with the provisions of the Telecommunications Bond Resolution, or both (a “Defeasance Payment”), sufficient to provide for the defeasance of Telecommunications Bonds.

So long as no Telecommunications Participant makes a Capital Contribution or Defeasance Payment as described in the immediately preceding paragraph with respect to any Series of Telecommunications Bonds, all amounts paid by each Telecommunications Participant pursuant to its Telecommunications Contract shall be deposited in the Revenue and Operating Fund and applied as described under “Application of Revenues” above. In the event any Telecommunications Participant makes a Capital Contribution or Defeasance Payment as described in the immediately preceding paragraph, however, thereafter MEAG Power shall divide each payment by such Telecommunications Participant under its Telecommunications Contract in respect of Annual Telecommunications Project Costs into two portions, with one portion (the “Non-Pledged Portion”) to be deposited in the Segregated Revenue and Operating Fund referred to below and the balance to be deposited in the Revenue and Operating Fund. MEAG Power shall determine the Non-Pledged Portion as follows:

(1) MEAG Power shall first subtract from each such payment the amount, if any, billed by MEAG Power to the Telecommunications Participant for the month to which such payment relates in respect of the Telecommunications Participant’s Obligation Share of Debt Related Costs (as such terms are defined in the Telecommunications Contracts);

(2) the balance of such payment remaining after such subtraction shall be multiplied by the fraction set forth in the definition of “Non-Pledged Portion” contained in the Telecommunications Contracts (*i.e.*, a fraction (i) the numerator of which is the sum of all Capital Contributions made by the Telecommunications Participant plus the principal amount of all Telecommunications Bonds defeased with prepayments made by the Telecommunications Participant pursuant to each Attachment A to its Telecommunications Contract and (ii) the denominator of which is the sum of all Capital Contributions made by the Telecommunications Participant plus the principal amount of Telecommunications Bonds issued to finance Costs of Acquisition and Construction allocable to the Telecommunications Participant as set forth on each Attachment A to its Telecommunications Contract); and

(3) the amount determined pursuant to the foregoing clause (2) shall constitute the Non-Pledged Portion of such payment.

MEAG Power shall hold and establish (i) a Segregated Construction Fund, (ii) a Segregated Revenue and Operating Fund and (iii) a Segregated Reserve and Contingency Fund to account for Capital Contributions and the Non-Pledged Portion of payments by Telecommunications Participants.

Capital Contributions by Telecommunications Participants shall be deposited in the Segregated Construction Fund and shall be applied by MEAG Power, on a *pro rata* basis (in proportion to the amounts on deposit in the Construction Fund and the Segregated Construction Fund) with amounts in the Construction Fund, to pay the Non-Financing Portion of the Cost of Acquisition and Construction of the Telecommunications Project in accordance with the requisition procedures set forth in the Telecommunications Bond Resolution applicable to payments from the Construction Fund.

The Non-Pledged Portion of each payment made by a Telecommunications Participant that has made a Capital Contribution or a Defeasance Payment shall be deposited in a subaccount established for such Telecommunications Participant in the Segregated Revenue and Operating Fund and the balance of

such payment made by such Telecommunications Participant, if any, shall be deposited in the Revenue and Operating Fund. The amounts deposited in the Segregated Revenue and Operating Fund shall not be applied to the payment of any amounts included in the Debt Service Component of Annual Telecommunications Project Costs but, on a *pro rata* basis (in proportion to the amounts on deposit in the Revenue and Operating Fund and the Segregated Revenue and Operating Fund), shall be applied to the payment of other amounts payable from the Revenue and Operating Fund which are not included in the Debt Service Component of Annual Telecommunications Project Costs. From the amounts deposited in the Segregated Revenue and Operating Fund there shall be deposited in the Segregated Reserve and Contingency Fund an amount equal to the product of (i) the Monthly Reserve and Contingency Deposit applicable to such month and (ii) a fraction (A) the numerator of which is the sum of all Capital Contributions made by all Telecommunications Participants plus the principal amount of all Telecommunications Bonds defeased with Defeasance Payments made by all Telecommunications Participants and (B) the denominator of which is the sum of all Capital Contributions made by all Telecommunications Participants plus the principal amount of Telecommunications Bonds issued to finance the Cost of Acquisition and Construction, for application, on a *pro rata* basis (in proportion to the amounts on deposit in the Reserve and Contingency Fund and the Segregated Reserve and Contingency Fund) with amounts in the Reserve and Contingency Fund, to the cost items to be paid with amounts in the Reserve and Contingency Fund which are not included in the Debt Service Component of Annual Telecommunications Project Costs, and the amounts so deposited to the Segregated Reserve and Contingency Fund shall be credited to subaccounts established therein for each such Telecommunications Participant. Any balance of moneys and securities in a Telecommunications Participant's subaccount in the Segregated Reserve and Contingency Fund which is in excess of such Telecommunications Participant's allocable portion of the amount required for the purposes of the Segregated Reserve and Contingency Fund, shall, at the end of each calendar year, be transferred to the subaccount established for such Telecommunications Participant in the Segregated Revenue and Operating Fund and applied as a credit against amounts that would otherwise be payable by such Telecommunications Participant pursuant to its Telecommunications Contract over the balance of the next succeeding calendar year.

The Telecommunications Bond Resolution provides that the amounts in the Segregated Revenue and Operating Fund and the Segregated Reserve and Contingency Fund are essential for the funding of the applicable capital and operating costs of the Telecommunications Project and accordingly are to be deposited in the Segregated Funds and applied as described herein; *provided, however*, that neither such Funds nor the moneys or Investment Securities therein are available to make payments on the Telecommunications Bonds or included in the Trust Estate or otherwise pledged to secure the Telecommunications Bonds.

On May 22, 2008, MEAG Power redeemed \$13,035,000 in aggregate principal amount of the 2003 Telecommunications Bonds from certain available moneys. As a result of such redemption, all of the 2003 Telecommunications Bonds allocated to nineteen of the Telecommunications Participants have been redeemed, and such Telecommunications Participants have become Prepaid Telecommunications Participants and no longer have any obligation with respect to the payment of debt service on the 2003 Telecommunications Bonds (or reserves therefor). In addition, on June 19, 2008, MEAG Power redeemed \$475,000 in aggregate principal amount of the 2003 Telecommunications Bonds. As a result of such redemption, all of the 2003 Telecommunications Bonds allocated to a twentieth Telecommunications Participant have been redeemed, and such Telecommunications Participant has become a Prepaid Telecommunications Participant and no longer has any obligation with respect to the payment of debt service on the 2003 Telecommunications Bonds (or reserves therefor). See "CAPITAL IMPROVEMENTS AND FINANCING PROGRAMS – Financing Program – *Outstanding Indebtedness – Telecommunications Project*" in the Amended Annual Information Statement. APPENDIX Q to the Annual Information Statement contains tables showing the debt service responsibilities of the respective Telecommunications Participants for the 2003 Telecommunications Bonds, giving effect to the redemptions of the 2003 Telecommunications Bonds described above.

Investment of Funds

Moneys in the Funds and Accounts (other than moneys required by the Trustee to pay any amounts then currently due under the Telecommunications Bond Resolution, which moneys shall not be invested) shall be continuously invested in Investment Securities to the fullest extent practicable.

MEAG Power shall direct the investment of all moneys which may be invested but in the absence of such written direction the Trustee may (but shall not be obligated to) invest such moneys in Investment Securities theretofore designated by MEAG Power for investment in the absence of further direction. Investments shall be made so as to mature on or prior to the date or dates that moneys therefrom are anticipated to be required. The Trustee may trade with itself in the purchase and sale of securities for such investment. Any investment losses shall be borne by the Fund in which the lost moneys had been deposited. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amount contemplated to be paid therefrom.

Interest earned on any moneys or investments in any Fund or Account (net of (a) that which represents a return of accrued interest paid in connection with the purchase of any investment and (b) profit or loss realized from the liquidation of any investment) shall be paid into the Revenue and Operating Fund except that such net interest (determined as aforesaid) earned on any moneys or investments in (a) a separate account of the Construction Fund shall be held in such Fund for the purposes thereof; (b) a separate subaccount in the Bond the Bond Retirement Account in the Debt Service Fund shall be held in such sub-subaccount for the purposes thereof; (c) any sub-subaccount in any subaccount of the Debt Service Reserve Account in the Debt Service Fund shall be held in such sub-subaccount until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the applicable Debt Service Reserve Requirement and the balance shall be applied as set forth in the Telecommunications Bond Resolution; (d) the Reserve and Contingency Fund shall be held in such Fund until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the purposes thereof and the balance shall be applied as set forth in the Telecommunications Bond Resolution; (e) each subaccount in the Segregated Revenue and Operating Fund shall be held in such subaccount for the purposes thereof; (f) the Segregated Construction Fund shall be held in such Fund for the purposes thereof; and (g) each subaccount in the Segregated Reserve and Contingency Fund shall be held in such subaccount until the end of each calendar year at which time such net interest shall be retained therein to the extent necessary to satisfy the purposes thereof and the balance shall be transferred to the subaccount established for such Participant in the Revenue and Operating Fund and applied as set forth in the Telecommunications Bond Resolution.

Valuation and Sale of Investments

Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of the Telecommunications Bond Resolution shall be deemed at all times to be a part of such Fund.

In computing the amount in any Fund or Account created under the provisions of the Telecommunications Bond Resolution for any purpose provided in the Telecommunications Bond Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations, exclusive of accrued interest. Such computation shall be determined as of January 1 in each year.

Issuance of Telecommunications Bonds

Initial Telecommunications Bonds

MEAG Power may issue one or more Series of Initial Telecommunications Bonds from time to time in an aggregate principal amount not exceeding \$35,000,000 for the purpose of refunding the debt of MEAG Power heretofore issued to finance the Cost of Acquisition and Construction of the Telecommunications Project. No Series of Initial Telecommunications Bonds shall have a final maturity date occurring later than December 31, 2015, and the interest rate or rates which the Initial Telecommunications Bonds of any Series may bear shall not exceed 15 percent per annum. Payment of principal with respect to any such Series shall be established so as to comply with either clause (i) or clause (ii) below. MEAG Power shall determine the portions of the principal of the Telecommunications Bonds of each Series which are to comply with clause (i) or clause (ii) below.

(i) One or more portions of the principal of the Telecommunications Bonds of any Series may come due in a year or years to be determined by MEAG Power. For each such portion, such year or years shall be the final maturity of such Series or any year within the five-year period immediately preceding such year.

(ii) Any portion of the principal of the Telecommunications Bonds of any Series which does not comply with clause (i) above shall come due in installments commencing not later than three years following the date of authentication and delivery of such Series (the "Serial Portion"). Such installments shall result in Debt Service in the period commencing with the due date of the first such installment and extending through the due date of the final such installment (the "Relevant Period") such that either (A) the greatest Debt Service with respect to the Serial Portion of any Series for any period of 24 months within the Relevant Period commencing with the date of the first installment or an anniversary date thereof is not in excess of 200 percent of the smallest Debt Service with respect to such Serial Portion for any such period of 24 months within the Relevant Period or (B) the greatest Debt Service with respect to the Serial Portion of any Series for any period of 36 months within the Relevant Period commencing with the date of the first installment or an anniversary date thereof is not in excess of 200 percent of the smallest Debt Service with respect to such Serial Portion for any such period of 36 months within the Relevant Period.

(iii) For purposes of demonstrating compliance with clause (ii) above, Debt Service shall be calculated on the assumption that any Variable Rate Telecommunications Bonds shall bear interest through their term at a constant rate equal to the average interest rate to be borne by such Telecommunications Bonds throughout their term as estimated by MEAG Power prior to the issuance thereof and shall mature on the stated maturity date thereof.

The proceeds, including accrued interest, if any, of the Initial Telecommunications Bonds of each Series shall be applied simultaneously with the delivery of such Telecommunications Bonds, as provided in the Supplemental Resolution authorizing such Series.

Additional Telecommunications Bonds

One or more Series of Additional Telecommunications Bonds may be authenticated and delivered upon original issuance from time to time for the purpose of financing the Cost of Acquisition and Construction of any major renewals, replacements, repairs, additions, betterments or improvements to the Telecommunications Project; *provided, however*, that (i) the issuance of such Telecommunications Bonds shall have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia and (ii) such Telecommunications Bonds shall comply with any conditions, limitations or restrictions contained in such judgment of validation.

The proceeds, including accrued interest, if any, of the Additional Telecommunications Bonds of each Series shall be applied simultaneously with the delivery of such Additional Telecommunications Bonds, as provided in the Supplemental Resolution authorizing such Series.

Refunding Telecommunications Bonds

MEAG Power may issue Refunding Telecommunications Bonds to refund all or any portion of any Outstanding Telecommunications Bonds. Refunding Telecommunications 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 and Accounts under the Telecommunications Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Refunding Telecommunications Bonds; *provided, however*, that (i) the issuance of such Telecommunications Bonds shall have been the subject of a judgment of validation rendered by the Superior Court of Fulton County, Georgia and (ii) such Telecommunications Bonds shall comply with any conditions, limitations or restrictions contained in such judgment of validation.

Refunding Telecommunications Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to the documents required by the Telecommunications Bond Resolution, of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption of any of the refunded Telecommunications Bonds (or portions thereof) to be redeemed on a redemption date or dates specified in such instructions;

(b) If the Telecommunications Bonds (or portions thereof) to be refunded do not mature and are not by their terms subject to redemption within the next succeeding 60 days, instructions to the Trustee, satisfactory to it, to give the notice provided for in the Telecommunications Bond Resolution to the Holders of the Telecommunications Bonds (or portions thereof) being refunded; and

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable redemption price of the Telecommunications Bonds (or portions thereof) to be redeemed and at the principal amount of the Telecommunications Bonds (or portions thereof) not to be redeemed, together with accrued interest on such Telecommunications Bonds (or portions thereof) to the redemption date or maturity date, as applicable, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Telecommunications Bonds (or portions thereof) to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, and any moneys as shall be necessary to comply with the defeasance provisions of the Telecommunications Bond Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in the Telecommunications Bond Resolution.

The proceeds, including accrued interest, if any, of the Refunding Telecommunications Bonds of each Series shall be applied simultaneously with the delivery of such Telecommunications Bonds for the purposes of making deposits in such Funds and Accounts under the Telecommunications Bond Resolution as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Telecommunications Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

Provisions Concerning Credit Facilities and Liquidity Facilities

MEAG Power may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Telecommunications Bonds secured by a Credit Facility or supported by a Liquidity Facility as MEAG Power deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Telecommunications Bond Resolution requiring consent of the Trustee or any Bondholder.

The provisions of such Supplemental Resolution may provide (i) so long as a Credit Facility is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Holder of the Outstanding Telecommunications Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Holders of such Telecommunications Bonds is required or may be exercised under the Telecommunications Bonds Resolution, or, in the alternative, that the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Holders of the Outstanding Telecommunications Bonds under the Telecommunications Bond Resolution, and following the occurrence of an Event of Default; and (ii) that in the event that the principal or redemption price, if applicable, and interest due on any Outstanding Telecommunications Bonds shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of MEAG Power to the Holders of such Telecommunications Bonds shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Holders in accordance with the terms of such Credit Facility.

MEAG Power may secure such Credit Facility or such Liquidity Facility by an agreement providing for the purchase of the Telecommunications Bonds supported thereby with such adjustments to the rate of interest, method of determining interest, maturity or redemption provisions as specified by MEAG Power in the applicable Supplemental Resolution. MEAG Power may also agree to reimburse directly such issuer for amounts paid under the terms of such Credit Facility or Liquidity Facility (together with interest thereon, the "Reimbursement Obligation"); *provided, however*, that no Reimbursement Obligation shall be created, for purposes of the Telecommunications Bond Resolution, until amounts are paid under such Credit Facility or Liquidity Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Telecommunications Bond, may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the pledge and lien thereof created by the Telecommunications Bond Resolution to secure the Telecommunications Bonds.

Except as otherwise provided in a Supplemental Resolution authorizing Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Telecommunications Bonds is declared immediately due and payable following the occurrence of an Event of Default, as provided in the Telecommunications Resolution, or (ii) computing the principal amount of Telecommunications Bonds held by the holder of a Reimbursement Obligation in giving to MEAG Power or the Trustee any notice, consent, request or demand pursuant to the Telecommunications Bond Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that MEAG Power shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, MEAG Power in connection with the Telecommunications Bonds to which such Reimbursement Obligation relates, less any prior repayments thereof.

Rate Covenant

MEAG Power covenants in the Telecommunications Bond Resolution that it will at all times charge, or cause to be charged, and collect rates, fees and other charges for the sale of the capacity, use or service of the Telecommunications Project so that Revenues, together with other available funds, are at

least sufficient to provide funds in each calendar year for the payment of the sum of (1) operating expenses during such calendar year; (2) Aggregate Debt Service for such calendar year; (3) the amount to be paid during such calendar year into any subaccount in the Debt Service Account in the Debt Service Fund; (4) the amount to be paid during such calendar year into the Reserve and Contingency Fund and (5) all other charges or liens whatsoever payable out of Revenues during such calendar year.

Maintenance of Insurance

MEAG Power covenants in the Telecommunications Bond Resolution that it will keep the properties of the Telecommunications Project which are of an insurable nature and of the character usually insured by those operating properties similar to the Telecommunications Project insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAG Power also covenants in the Telecommunications Bond Resolution that it will maintain adequate 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 operating properties similar to the Telecommunications Project. Insurance against business interruption loss is required to be maintained whenever, in the judgment of MEAG Power, such insurance is obtainable at commercially reasonable rates.

Sale and Lease of Property

MEAG Power has covenanted that no part of the Telecommunications Project shall be sold, leased, mortgaged or otherwise disposed of, except as follows:

(a) MEAG Power may sell or exchange at any time and from time to time any property or facilities constituting part of the Telecommunications Project if it shall determine that such sale or exchange of such property or facilities (a) will not impair the ability of MEAG Power to comply during the current or any future year with the rate covenant contained in the Telecommunications Bond Resolution and (b) is in the best interests of MEAG Power and the Telecommunications Participants. Notwithstanding the foregoing, MEAG Power may (i) make isolated sales of telecommunications services and capacity to third parties in the ordinary course of business, but only to the extent that it is authorized to do so pursuant to applicable law and (ii) enter into telecommunications services and swap or exchange agreements without the restrictions imposed by the Telecommunications Bond Resolution. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the Telecommunications Project shall forthwith be deposited in the Revenue and Operating Fund; and

(b) In addition to the Telecommunications Project Agreements, MEAG Power may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the Telecommunications Project; *provided, however*, that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by MEAG Power or its agent of the Telecommunications Project and (ii) does not in any manner impair or adversely affect the rights or security of the Bondholders under the Telecommunications Bond Resolution. Any payments received by MEAG Power under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the Telecommunications Project or any part thereof may be applied for any lawful purpose of MEAG Power relating to the Telecommunications Project including, but not limited to, the acquisition or construction of other property necessary or desirable for the operation of the Telecommunications Project or the retirement of Telecommunications Bonds.

Covenants with Respect to the Telecommunications Contracts

MEAG Power covenants in the Telecommunications Bond Resolution, subject to the provisions in the Telecommunications Bond Resolution relating to Segregated Funds, that it will collect and deposit in the Revenue and Operating Fund all amounts payable to it pursuant to the Telecommunications Contracts and attributable to the Telecommunications Project or payable to it pursuant to any other contract attributable to the Telecommunications Project or any part thereof, other than amounts payable to it pursuant to the Telecommunications Contract with Marietta. MEAG Power shall enforce the provisions of the Telecommunications Contracts and duly perform its covenants and agreements thereunder. MEAG Power will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Telecommunications Contract which will reduce the payments required thereunder or which will in any manner impair or adversely affect the rights of MEAG Power thereunder or the rights or security of the Bondholders under the Telecommunications Bond Resolution, and any action by MEAG Power in violation of this covenant shall be null and void as to MEAG Power and any other party to a Telecommunications Contract. The extension of the term of any Telecommunications Contract shall not constitute such an amendment. A copy of each Telecommunications Contract certified by an Authorized Officer of MEAG Power shall be filed with the Trustee, and prior to execution by MEAG Power of any such amendment thereof, a copy of such amendment certified by an Authorized Officer of MEAG Power shall be filed with the Trustee.

Accounts and Reports

MEAG Power covenants in the Telecommunications Bond Resolution that it will keep proper and separate books of record and account relating to the Telecommunications Project and the funds and accounts established by the Telecommunications Bond Resolution and relating to costs and charges under the Telecommunications Contracts. Such books, together with all other books and papers of MEAG Power relating to the Telecommunications Project, are at all times subject to the inspection of the Trustee and the Holders of not less than five percent in principal amount of Telecommunications Bonds then outstanding.

MEAG Power covenants in the Telecommunications Bond Resolution that it will file annually with the Trustee an annual report, accompanied by an accountant's certificate (Report of Independent Auditors), of the financial position of the Telecommunications Project at the end of the year, statements of revenues and operating expenses, a statement of receipts and disbursements with respect to funds and accounts established by the Telecommunications Bond Resolution, and a statement as to the existence of any default under the provisions of the Telecommunications Bond Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Telecommunications Bond Resolution are available for inspection of Bondholders at the office of the Trustee and will be mailed to each Bondholder who files a written request therefor with MEAG Power.

Amendments and Supplemental Resolutions

MEAG Power may adopt (without the consent of or notice to the Trustee or any of the Bondholders) any Supplemental Resolution to appoint the Trustee; to authorize the issuance of Telecommunications Bonds; to cure any ambiguity or to correct any defect in the Telecommunications Bond Resolution; to grant additional benefits, rights, remedies, powers or authorities to Bondholders or the Trustee; to subject additional revenues, properties or collateral to the Telecommunications Bond Resolution; to modify, amend or supplement the Telecommunications Bond Resolution or any supplemental resolution to permit qualification under the Trust Indenture Act of 1939 or the qualification of the Telecommunications Bonds for sale under federal and state securities laws; and to provide for separate accounts within the Funds established pursuant to the Telecommunications Bond Resolution.

MEAG Power may adopt (with the consent of the Trustee but without the consent of or notice to any of the Bondholders) any Supplemental Resolution to make any change which, in the judgment of the Trustee, is not to the material prejudice of the Bondholders.

Exclusive of Supplemental Resolutions described in the two immediately preceding paragraphs, the owners of not less than a majority in aggregate principal amount of the Telecommunications Bonds then Outstanding which are affected have the right to consent to and approve the adoption by MEAG Power of any Supplemental Resolution for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Telecommunications Bond Resolution or in any other Supplemental Resolution; *provided, however*, that no such modification or amendment (a) shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Telecommunications Bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the Holder of such Telecommunications Bond, (b) shall reduce the percentages or otherwise affect the classes of Telecommunications Bonds the consent of the Holders of which is required to effect any such modification or amendment, or (c) shall modify any of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

Trustee and Paying Agents

The Telecommunications Bond Resolution requires the appointment by MEAG Power of one or more Paying Agents (who may be the Trustee) for the Telecommunications Bonds. The Trustee may at any time resign on 30 days' notice and may at any time be removed by the holders of a majority in principal amount of the Telecommunications Bonds then outstanding. A successor Trustee may be appointed by the holders of a majority in principal amount of Telecommunications Bonds then outstanding. Any successor Trustee must be a trust company or commercial bank possessing trust powers in good standing having a reported capital and surplus of not less than \$25,000,000 and be rated BBB+/F2 or better by Fitch, Baa1/P-3 or better by Moody's, or BBB+/A-2 or better by S&P if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Discharge of Liens

The liens created by the Telecommunications Bond Resolution on the Trust Estate and each subaccount in the Debt Service Reserve Account in the Debt Service Fund will cease, determine and be discharged, and the Telecommunications Bond Resolution will be canceled and discharged whenever MEAG Power shall pay or cause to be paid in full the principal of and the interest on the Telecommunications Bonds.

Notwithstanding any other provision contained in the Telecommunications Bond Resolution to the contrary, Telecommunications Bonds held by the Trustee the principal and interest of which have been paid pursuant to drawings honored by the Credit Facility Issuer under the Credit Facility therefor shall not be deemed to be paid or discharged for the purposes of canceling, terminating and discharging the lien created by the Telecommunications Bond Resolution unless and until all amounts drawn under such Credit Facility and honored by the Credit Facility Issuer shall have been reimbursed in full pursuant to the terms of the Reimbursement Agreement.

Telecommunications Bonds (or portions thereof) or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by MEAG Power of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and effect expressed in the Telecommunications Bond Resolution. All or any portion of any Outstanding Telecommunications Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and effect expressed in the Telecommunications Bond Resolution if (a) in case any of said

Telecommunications Bonds (or portions thereof) are to be redeemed on any date prior to their maturity, MEAG Power shall have given to the Trustee instructions to give written notice of redemption of such Telecommunications Bonds, or portions thereof (other than Telecommunications Bonds which have been purchased or otherwise acquired by MEAG Power as provided in the Telecommunications Bond Resolution prior to the giving of such notice of redemption), on said dates as provided in the Telecommunications Bond Resolution, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Telecommunications Bonds (or portions thereof) on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Telecommunications Bonds (or portions thereof) are not to be redeemed or paid at maturity within the next succeeding 60 days, MEAG Power shall have given the Trustee instructions to give, as soon as practicable, by first class mail, postage prepaid a notice to the Holders of such Telecommunications Bonds (or portions thereof) that the deposit required by (b) above has been made with the Trustee and that said Telecommunications Bonds (or portions thereof) are deemed to have been paid in accordance with the Telecommunications Bond Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Telecommunications Bonds, or portions thereof (other than Telecommunications Bonds which have been purchased or otherwise acquired by MEAG Power and delivered to the Trustee as provided in Telecommunications Bond Resolution prior to the giving of the notice of redemption referred to in clause (a) of this sentence). Any notice given pursuant to the preceding sentence with respect to Telecommunications Bonds (or portions thereof) which constitute less than all of the Outstanding Telecommunications Bonds of any maturity and interest rate within a Series shall specify the letter and number or other distinguishing mark of each such Telecommunications Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to the Telecommunications Bond Resolution to the retirement of said Telecommunications Bonds (or portions thereof) in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Telecommunications Bonds (or portions thereof), all in the manner provided in the Telecommunications Bond Resolution. The Trustee shall, if so directed by MEAG Power (1) prior to the maturity date of Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution which are not to be redeemed prior to their maturity date or (2) prior to the giving of the notice of redemption referred to in clause (a) of the second sentence of this paragraph with respect to any Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution which are to be redeemed on any date prior to their maturity, apply moneys deposited with it in respect of such Telecommunications Bonds (or portions thereof) and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Telecommunications Bonds (or portions thereof) and the Trustee shall immediately thereafter surrender all such Telecommunications Bonds so purchased to the Bond Registrar for cancellation; *provided, however*, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Telecommunications Bonds (or portions thereof) shall be sufficient to pay when due the Principal Installments or redemption price, if applicable, and interest due or to become due on all Telecommunications Bonds (or portions thereof), in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (1) prior to the maturity date of Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution which are not to be redeemed prior to their maturity date or (2) prior to the giving of the notice of redemption referred to in clause (a) of the second sentence of this paragraph with respect to any Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution which are to be redeemed on any date prior to their maturity, MEAG Power shall purchase or otherwise acquire any such Telecommunications Bonds

and deliver such Telecommunications Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately surrender all such Telecommunications Bonds so delivered to the Bond Registrar for cancellation; such delivery of Telecommunications Bonds to the Trustee shall be accompanied by directions from MEAG Power to the Trustee as to the manner in which such Telecommunications Bonds are to be applied against the obligation of the Trustee to pay or redeem Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution. The directions given by MEAG Power to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Telecommunications Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution upon their maturity date or dates and the portion, if any, of such Telecommunications Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Telecommunications Bonds (or portions thereof) deemed to have been paid in accordance with the Telecommunications Bond Resolution on any date or dates prior to their maturity. If on any date as a result of any purchases, acquisitions and cancellations of Telecommunications Bonds as provided in the Telecommunications Bond Resolution the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under the Telecommunications Bond Resolution is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Telecommunications Bonds (or portions thereof) in order to satisfy clause (b) of the second sentence of this paragraph, then the Trustee shall, if requested by MEAG Power, pay the amount of such excess to MEAG Power free and clear of any trust, lien or pledge. Except as otherwise described in this paragraph, neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Telecommunications Bond Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on said Telecommunications Bonds (or portions thereof); *provided, however*, that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (1) to the extent such cash will not be required at any time for such purpose, shall be paid over to MEAG Power as received by the Trustee, free and clear of any trust, lien or pledge, and (2) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said Telecommunications Bonds (or portions thereof) on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to MEAG Power, as received by the Trustee, free and clear of any trust, lien or pledge.

Events of Default and Remedies

Events of Default specified in the Telecommunications Bond Resolution include default in the payment of the principal or redemption price of or interest on any Telecommunications Bond after the principal or redemption price or interest has become due, whether at maturity or upon call for redemption; default in the performance or observance of any other covenant, agreement or condition on the part of MEAG Power contained in the Telecommunications Bond Resolution or in the Telecommunications Bonds and failure to remedy the same; and the occurrence of an Act of Bankruptcy.

The Trustee shall upon the default in the payment of the principal or redemption price of or interest on any Telecommunications Bond after the principal or redemption price or interest has become due or the occurrence of an Act of Bankruptcy declare the principal of all Telecommunications Bonds to be due and payable immediately by notice to MEAG Power. The Trustee may upon default in the performance or observance of any other covenant, agreement or condition on the part of MEAG Power contained in the Telecommunications Bond Resolution or in the Telecommunications Bonds and failure to remedy the same declare the principal of all Telecommunications Bonds to be due and payable immediately by notice to MEAG Power.

The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of, premium, if any, and interest on the Telecommunications Bonds then outstanding, including enforcement of any rights of MEAG Power or the Trustee under the Telecommunications Contracts. The Trustee may by action or suit in equity require MEAG Power to account as if it were the trustee of an express trust for the owners of the Telecommunications Bonds and may then take such action with respect to the Telecommunications Contracts as the Trustee shall deem necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Telecommunications Contracts. Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the holders of the Telecommunications Bonds under the Telecommunications Bond Resolution, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Telecommunications Project and of the revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred and if requested so to do by the owners of 25 percent or more in aggregate principal amount of all Telecommunications Bonds then outstanding, and if satisfactorily indemnified as provided in the Telecommunications Bond Resolution, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Telecommunications Bond Resolution as the Trustee, being advised by counsel, shall deem most expedient in the interests of the holders of the Telecommunications Bonds.

No owner of any Telecommunications Bond shall have any right to institute any suit, action or proceeding for the enforcement of the Telecommunications Bond Resolution or for the execution of any trust contained in the Telecommunications Bond Resolution or for the appointment of a receiver or any other remedy thereunder unless (a) a default has occurred, (b) such default shall have become an Event of Default and the owners of not less than 25 percent in aggregate principal amount of Telecommunications Bonds then Outstanding shall have made written request to the Trustee and, shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Telecommunications Bond Resolution or to institute such action, suit or proceeding in its own name, (c) such owners of the Telecommunications Bonds shall have offered to the Trustee satisfactory indemnity and (d) the Trustee shall for 60 days after receipt of such request and indemnification fail or refuse to exercise the rights and remedies granted in the Telecommunications Bond Resolution, or to institute such action, suit or proceeding in its own name.

Nothing contained in the Telecommunications Bond Resolution shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Telecommunications Bond at and after the maturity or redemption date of such principal or interest, or the obligation of MEAG Power to pay the principal of and interest on each of the Telecommunications Bonds issued thereunder to the respective registered owners thereof at the time, place, from the source and in the manner in the Telecommunications Bond Resolution and in the Telecommunications Bonds expressed.

Notwithstanding anything contrary in the Telecommunications Bond Resolution, the owners of a majority in aggregate principal amount of Telecommunications Bonds then Outstanding shall have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Telecommunications Bond Resolution, or for the appointment of a receiver or any other proceedings under the Telecommunications Bond Resolution; *provided, however*, that such direction shall not be otherwise than in accordance with the provisions of law and of the Telecommunications Bond Resolution.

Definitions

Act of Bankruptcy shall mean the filing of a petition in bankruptcy (or the commencement of a bankruptcy or similar proceeding) by (other than with respect to a third party) or against MEAG Power under any applicable bankruptcy, insolvency, reorganization or similar law now or hereafter in effect.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series of Bonds, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Telecommunications Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month and (ii) Principal Installments of the Telecommunications Bonds of such Series due and unpaid and that portion of the Principal Installment thereof next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

Credit Facility shall mean, with respect to any Telecommunications Bonds, any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a Credit Facility Issuer pursuant to which such Credit Facility Issuer becomes unconditionally obligated to pay when due, to the extent not paid by MEAG Power or otherwise, the principal of and interest on such Telecommunications Bonds.

Credit Facility Issuer shall mean any bank, insurance company or other institution that has issued or provided a Credit Facility.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (a) interest accruing during such period on Telecommunications Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Debt Service Account in the Debt Service Fund made from proceeds of Telecommunications Bonds (including amounts transferred thereto from the Construction Fund) and (b) that portion of each Principal Installment for such Series 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 (x) there shall be no such preceding Principal Installment due date or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Telecommunications Bonds of such Series, whichever date is later). For purposes of this definition, (1) unless otherwise provided in the Supplemental Resolution authorizing any such Telecommunications Bonds, such interest and Principal Installments shall be calculated on the basis of a 360-day year consisting of twelve 30-day months and (2) such interest and Principal Installments shall be calculated on the assumptions that: (x) no such Telecommunications Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments, and (y) Variable Rate Telecommunications Bonds will bear interest at the rate or rates which were assumed by MEAG Power in the annual budget for the Telecommunications Project for the applicable year to be borne by Variable Rate Telecommunications Bonds during such year but at a rate not less than the rate or rates borne thereby as of such date of calculation.

Debt Service Component shall mean that portion of Annual Telecommunications Project Costs (as defined in the Telecommunications Contracts) consisting of amounts required to be paid into any Fund established under the Telecommunications Bond Resolution for the purpose of providing funds for the payment of Telecommunications Bonds or Reimbursement Obligations;

Debt Service Reserve Requirement shall mean, with respect to the sub-subaccount established for each Telecommunications Participant, other than a Prepaid Telecommunications Participant, in the

separate subaccount, if any, established for a Series of Telecommunications Bonds in the Debt Service Reserve Account in the Debt Service Fund, the amount specified in the Supplemental Resolution establishing such sub-subaccount as being required to be maintained on deposit therein.

Defeasance Security shall mean:

(a) any bond or other obligation which as to principal and interest constitutes a direct obligation of, or is unconditionally guaranteed by, the United States of America,

(b) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision (a "Municipal Bond") which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies, *provided, however*, that such Municipal Bond shall have been the subject of a report of a nationally recognized independent certified accountant or other nationally recognized verification agent verifying that the moneys and obligations so segregated are sufficient to pay the principal of and premium, if any, and interest on the Municipal Bond,

(c) any certificate of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in (a) above,

(d) any certificate that evidences ownership of the right to payments of principal and/or interest on obligations described in either of clause (a) or (b) above of this definition, *provided, however*, that such obligations shall be held in trust by a bank, trust company or national banking association or any affiliate thereof, in each such case, that is authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000 and

(e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Telecommunications Bonds authorized by such Supplemental Resolution.

Initial Telecommunications Bonds shall mean the Telecommunications Bonds to be issued in one or more Series pursuant to the Telecommunications Bond Resolution to finance or refinance the Cost of Acquisition and Construction of the Telecommunications Project, and any Telecommunications Bonds thereafter authenticated and delivered in lieu of or in substitution for such Telecommunications Bonds pursuant to the Telecommunications Bond Resolution.

Investment Securities shall mean and include any securities, obligations or investments that, at the time, are legal for investment of MEAG Power's funds.

Liquidity Facility shall mean, with respect to any Bonds, any letter of credit, standby bond purchase agreement, line of credit or similar instrument issued by a Liquidity Facility Issuer pursuant to which such Liquidity Facility Issuer becomes obligated to fund when due, to the extent not paid by MEAG Power or otherwise, the purchase price of such Telecommunications Bonds due upon tender thereof. Such funding obligation may be subject to such conditions as are permitted by the Rating Agency or Rating Agencies in assigning a short-term rating to such Telecommunications Bonds.

Liquidity Facility Issuer shall mean any bank, insurance company or other institution that has issued or provided a Liquidity Facility.

Monthly Reserve and Contingency Deposit shall mean the amount provided in the then current annual budget for the Telecommunications Project to be deposited during such month in the Reserve and Contingency Fund and, in the event any Telecommunications Participant shall have made a Capital Contribution or Defeasance Payment, the Segregated Reserve and Contingency Fund.

Non-Financing Portion of the Cost of Acquisition and Construction shall mean the Cost of Acquisition and Construction of the Telecommunications Project excluding interest on Telecommunications Bonds issued or to be issued to finance such Cost of Acquisition and Construction, amounts required to be deposited in any subaccount in the Debt Service Reserve Account in the Debt Service Fund and all other financing costs to be financed by the issuance of Telecommunications Bonds.

Prepaid Telecommunications Participant shall mean a Telecommunications Participant to which, as a result of its making one or more Capital Contributions or Defeasance Payments, or both, none of the principal of or interest on Telecommunications Bonds is allocable.

Reimbursement Agreement shall mean with respect to any particular Telecommunications Bonds, the agreement between MEAG Power and the Credit Facility Issuer or the Liquidity Facility Issuer, or both, obligating MEAG Power to reimburse the Credit Facility Issuer or the Liquidity Facility Issuer, or both, for drawings under the Credit Facility or the Liquidity Facility, or both, for such Telecommunications Bonds.

Revenues shall mean all revenues, income, rents and receipts derived by MEAG Power from or attributable to the ownership and operation of the Telecommunications Project, including all revenues attributable to the Telecommunications Project or to the payment of the costs thereof received by MEAG Power under the Telecommunications Contracts or under any other contract or contractual arrangement with respect to the use of the Telecommunications Project or any portion thereof or the services, output or capacity thereof, but shall not include amounts received by MEAG Power under the Telecommunications Contract with Marietta.

Telecommunications Project Agreements shall mean any agreements, contracts, certificates and any or all other documents evidencing MEAG Power's interest in the Telecommunications Project and shall include, without limitation, the Master Agreement, dated January 23, 2001, between MEAG Power and Georgia Public Web, Inc., a Georgia non-profit corporation.

Variable Rate Telecommunications Bonds shall mean, as of any date of determination, any Telecommunications Bond on which the interest rate borne thereby may vary during any part of its remaining term.