

OFFICIAL STATEMENT DATED MARCH 13, 2013

NEW AND REFUNDING ISSUE—Book Entry Only

RATINGS: S&P: “A”

Fitch: “A”

See “BOND RATINGS” herein

Subject to compliance by the Issuer with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel to MEAN, under present law, interest on the 2013 Series A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Nebraska, as presently enacted and construed, interest on the 2013 Series A Bonds is exempt from Nebraska state income taxation. See “TAX MATTERS.”

Interest on the 2013 Series B Bonds is includible in gross income of the owners thereof for federal income tax purposes. See “TAX MATTERS.”

MUNICIPAL ENERGY AGENCY OF NEBRASKA



\$32,430,000
POWER SUPPLY SYSTEM
REVENUE AND
REFUNDING BONDS
2013 SERIES A

\$6,795,000
POWER SUPPLY SYSTEM
REVENUE BONDS
2013 SERIES B
(FEDERALLY TAXABLE)

MEAN

Dated: Date of delivery

DUE: As shown on the inside cover

The 2013 Series Bonds are issued in book-entry only form through The Depository Trust Company, which will act as securities depository for the 2013 Series Bonds. Interest on the 2013 Series Bonds is payable on each April 1 and October 1 commencing October 1, 2013. The 2013 Series Bonds are subject to optional redemption prior to maturity. Wells Fargo Bank, National Association, is the Trustee, Paying Agent and Bond Registrar for the 2013 Series Bonds. See “THE 2013 SERIES BONDS.”

The 2013 Series Bonds are being issued by the Municipal Energy Agency of Nebraska (“MEAN”) to (a) provide for the payment and redemption of \$23,165,000 principal amount of MEAN’s Power Supply System Revenue Bonds, 2003 Series A, (b) pay certain costs of the Power Supply System, (c) make a deposit into the Debt Service Reserve Account with respect to the 2013 Series Bonds, and (d) pay certain costs of issuing the 2013 Series Bonds. See “PLAN OF FINANCE.”

The 2013 Series Bonds are special obligations of MEAN payable solely from and secured solely by a pledge of the Revenues and certain other funds and amounts pursuant to the Resolution. The Revenues consist of all of the income from MEAN’s Power Supply System, including the payments made by MEAN’s 54 Long-Term Total Requirements Participants under Long-Term Power Supply Contracts that extend beyond the final maturity of the 2013 Series Bonds. The Long-Term Total Requirements Participants have agreed to purchase all of their net electric power and energy requirements from MEAN and to make payments to MEAN sufficient to pay all of the costs of the Power Supply System, including the debt service on the 2013 Series Bonds. The Long-Term Total Requirements Participants have agreed to make such payments solely from the available revenues and income of their respective municipal electric utilities as an operating expense and a cost of purchased power and energy. The Revenues also include MEAN’s income from its power supply contracts with its other Participants and from its power sales to others. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

(see inside cover)

The 2013 Series Bonds do not constitute a debt, liability or obligation of any of the Participants, any Member of MEAN or of the State of Nebraska, and none of these entities is responsible for the payment of the 2013 Series Bonds. MEAN has no taxing power.

An investment in the 2013 Series Bonds involves risk. See “INVESTMENT CONSIDERATIONS.”

The 2013 Series Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel to MEAN, and certain other conditions. Certain legal matters will be passed on for MEAN by Gilmore & Bell, P.C., special counsel to MEAN and Chris Dibbern, general counsel to MEAN, and for the Underwriters by Gilmore & Bell, P.C. Public Financial Management, Inc. is serving as financial advisor to MEAN in connection with the 2013 Series Bonds. It is expected that the 2013 Series Bonds will be available for delivery in book-entry form on or about March 27, 2013.

Citigroup

RBC Capital Markets

D.A. Davidson & Co.

This cover page contains certain information for general reference only. It is not a summary. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. This Official Statement and the information contained herein speaks only as of the date of this Official Statement.



\$32,430,000
MUNICIPAL ENERGY AGENCY OF NEBRASKA
POWER SUPPLY SYSTEM REVENUE AND
REFUNDING BONDS
2013 SERIES A

Dated: Date of delivery

DUE: As shown below

\$10,215,000 SERIAL BONDS

<u>DUE APRIL 1,</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>CUSIP[†]</u>
2015	\$1,190,000	3.00%	0.54%	625914 HQ2
2016	1,225,000	3.00%	0.71%	625914 HR0
2017	1,260,000	4.00%	0.90%	625914 HS8
2018	1,310,000	5.00%	1.25%	625914 HT6
2019	1,375,000	5.00%	1.63%	625914 HU3
2022	300,000	4.00%	2.44%	625914 HV1
2023	1,125,000	5.00%	2.66%	625914 HW9
2024	1,185,000	5.00%	2.80%*	625914 HX7
2025	1,245,000	5.00%	2.91%*	625914 HY5

\$10,910,000 TERM BONDS DUE APRIL 1, 2036 INTEREST RATE 5.00% YIELD 3.58%* CUSIP[†] 625914 JA5
\$7,305,000 TERM BONDS DUE APRIL 1, 2036 INTEREST RATE 3.75% YIELD 3.90% CUSIP[†] 625914 HZ2
\$4,000,000 TERM BONDS DUE APRIL 1, 2036 INTEREST RATE 4.00% YIELD 3.85%* CUSIP[†] 625914 JB3

*Yield to first optional call date, April 1, 2023.

\$6,795,000
MUNICIPAL ENERGY AGENCY OF NEBRASKA
POWER SUPPLY SYSTEM REVENUE BONDS
2013 SERIES B (FEDERALLY TAXABLE)

Dated: Date of delivery

DUE: As shown below

<u>DUE APRIL 1,</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YIELD</u>	<u>CUSIP[†]</u>
2016	\$960,000	1.270%	1.270%	625914 JC1
2017	975,000	1.470%	1.470%	625914 JD9
2018	985,000	1.670%	1.670%	625914 JE7
2019	1,005,000	2.389%	2.389%	625914 JF4
2020	1,025,000	2.739%	2.739%	625914 JG2
2021	1,055,000	3.069%	3.069%	625914 JH0
2022	790,000	3.319%	3.319%	625914 JJ6

† CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included for the convenience of the owners of the 2013 Series Bonds. Neither MEAN nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth above.

MUNICIPAL ENERGY AGENCY OF NEBRASKA

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Lincoln, NE 68516

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Alliance, NE	Fairbury, NE	Nebraska City, NE
Ansley, NE	Falls City, NE	Neligh, NE
Arnold, NE	Fleming, CO	Oxford, NE
Aspen, CO	Fort Morgan, CO	Pender, NE
Basin, WY	Fountain, CO	Pierce, NE
Bayard, NE	Gering, NE	Red Cloud, NE
Beaver City, NE	Glenwood Springs, CO	Sergeant Bluff, IA
Benkelman, NE	Grant, NE	Shickley, NE
Blue Hill, NE	Gunnison, CO	Sidney, NE
Breda, IA	Haxtun, CO	Stuart, NE
Bridgeport, NE	Indianola Municipal Utilities, IA	Torrington, WY
Broken Bow, NE	Imperial Public Power District, NE	Wall Lake, IA
Burwell, NE	Julesburg, CO	Waverly Light and Power, IA
Callaway, NE	Kimball, NE	West Point, NE
Chappell, NE	Lyman, NE	Wisner, NE
Crete, NE	Lyons, CO	Wood River, NE
Curtis, NE	Mitchell, NE	Yuma, CO
Delta, CO	Morrill, NE	

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GENERAL INFORMATION

The information contained in this Official Statement has been furnished by MEAN, DTC, and other sources that are believed to be reliable. No dealer, broker, sales representative or any other person has been authorized by MEAN or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by MEAN or the Underwriters.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the 2013 Series Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereunder shall under any circumstances create any implication that there has been no change in the affairs of MEAN or in any other information contained herein, since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may engage in transactions that stabilize, maintain, or otherwise affect the market prices of the 2013 Series Bonds. Such transactions, if commenced, may be discontinued at any time.

The 2013 Series Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of MEAN, the Power Supply System, the 2013 Series Bonds, the Resolution, and the Participants are included in this Official Statement, and such descriptions do not purport to be comprehensive or definitive. These and all other capitalized terms are defined herein. All references herein to the Resolution are qualified in their entirety by reference to such document, and references herein to the 2013 Series Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the Resolution, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the 2013 Series Bonds. During the period of the offering of the 2013 Series Bonds, copies of the Resolution will be available from the Underwriters and MEAN.

Descriptions of the Resolution and the 2013 Series Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. The

summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report, or instrument.

FORWARD-LOOKING STATEMENTS

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws, including statements regarding, among other things, anticipated trends in MEAN’s business and MEAN’s future liquidity requirements and capital resources. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect,” “anticipate,” “plan” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based largely on MEAN’s expectations and are subject to a number of risks and uncertainties, certain of which are beyond MEAN’s control. Such statements are subject to risks and uncertainties, including those discussed herein under “INVESTMENT CONSIDERATIONS” that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The forward-looking statements have neither been reviewed nor reported on by any third party.

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Glossary of Certain Electric Terms

“kW” or *“kilowatt”* means a unit of power equal to 1,000 watts.

“kWh” or *“kilowatt-hour”* means the amount of energy produced by one kilowatt of power for a period of one hour.

“MW” or *“megawatt”* means a unit of power equal to 1,000 kilowatts.

“MWh” or *“megawatt-hour”* means the amount of energy produced by one megawatt of power for a period of one hour. MWh also means 1,000 kilowatt hours, or the amount of power necessary to power 10,000 100-watt appliances for one hour.

“GW” or *“gigawatt”* means a unit of power equal to 1,000 megawatts.

“GWh” or *“gigawatt-hour”* means the amount of energy produced by one gigawatt of power for one hour, or 1,000 megawatt hours.

Definitions of Certain Other Terms

Definitions of certain terms used but not otherwise defined in this Official Statement may be found in APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.

OFFICIAL STATEMENT

MUNICIPAL ENERGY AGENCY OF NEBRASKA

\$32,430,000

POWER SUPPLY SYSTEM REVENUE AND REFUNDING BONDS 2013 SERIES A

\$6,795,000

POWER SUPPLY SYSTEM REVENUE BONDS 2013 SERIES B (FEDERALLY TAXABLE)

INTRODUCTION

This introduction provides brief descriptions of the 2013 Series Bonds and the information contained in the Official Statement. Prospective investors should make a full review of the Official Statement, including the Appendices.

THE MUNICIPAL ENERGY AGENCY OF NEBRASKA

The Municipal Energy Agency of Nebraska (“MEAN”) is a body corporate and politic under the laws of the State of Nebraska. MEAN’s power supply system consists of ownership and contractual rights and interests in various electric generating and transmission resources and supplies (the “Power Supply System”). MEAN uses the Power Supply System to provide wholesale power supply, transmission and ancillary services to its 68 participating municipal utilities (the “Participants”). Through its professional staff, MEAN also provides planning, engineering, financing, regulatory and governmental affairs services to its Participants. See “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA.”

THE 2013 SERIES BONDS

The \$32,430,000 Power Supply System Revenue and Refunding Bonds, 2013 Series A (the “2013 Series A Bonds”) and the \$6,795,000 Power Supply System Revenue Bonds, 2013 Series B (Federally Taxable) (the “2013 Series B Bonds” and, together with the 2013 Series A Bonds, the “2013 Series Bonds”) will mature and bear interest as shown on the inside cover page. Interest on the 2013 Series Bonds is payable on April 1 and October 1, commencing October 1, 2013.

USE OF FUNDS

Proceeds of the 2013 Series Bonds will be used to (a) provide for the payment and redemption of \$23,165,000 principal amount of MEAN’s Power Supply System Revenue Bonds, 2003 Series A (the “Refunded Bonds”), (b) pay certain costs of the Power Supply System and a portion of the Cost of Acquisition and Construction of improvements and additions to the Power Supply System, including: (i) a settlement payment in the amount of approximately \$6.3 million to Southwest Power Pool (“SPP”) for charges and penalties relating to the delivery of power and energy to MEAN using SPP’s transmission service and the costs and expenses related to the

settlement agreement (see “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA–Transmission–SPP” and “LITIGATION-SPP Settlement Agreement”), (ii) the acquisition, construction, equipping and furnishing of MEAN’s operations and management facility (the “*Operations and Management Facility*”), together with other costs incurred by MEAN in connection with such facility and placing it into operation, (iii) the acquisition of an undivided 0.25% ownership interest in Walter Scott, Jr. Energy Center Unit 4, and (iv) the cost of capital additions, improvements and replacements to MEAN’s interests in Laramie River Station, Walter Scott, Jr. Energy Center Unit 4 and Wygen Unit I, (c) make a deposit into the Debt Service Reserve Account with respect to the 2013 Series Bonds, and (d) pay certain costs of issuing the 2013 Series Bonds. See “PLAN OF FINANCE.”

THE PARTICIPANTS

MEAN’s 68 Participants currently include 40 municipalities and one public power district in Nebraska and 13 municipalities and one joint action agency in Colorado, three Wyoming municipalities, and ten Iowa municipalities. Each of the Participants owns and operates an electrical utility system that provides electric service to consumers. Sixty-two (62) of the Participants (the “*Total Requirements Participants*”) receive “total-requirements” electric supply services from MEAN, exclusive only of their allocations of firm power and energy from the Western Area Power Administration of the U.S. Department of Energy (“*WAPA*”), except for certain generating facilities of Waverly Light & Power, Iowa and Aspen, Colorado as discussed herein. Together, the Total Requirements Participants provide electric utility service at retail to approximately 124,000 residential, commercial, institutional, agricultural and industrial customers, representing a total population of approximately 315,000. See “THE PARTICIPANTS.”

POOLING AGREEMENTS AND POWER SUPPLY CONTRACTS

Each of the Participants has entered into the Electrical Resources Pooling Agreement (the “*Pooling Agreement*”) with MEAN. The Pooling Agreement includes various service schedules under which MEAN provides power supply services to the Participants. A Participant may elect to become a Total Requirements Participant, in which case it receives all power and energy from MEAN (exclusive only of its firm power and energy allocations from WAPA). Alternatively, a Participant may elect to become a Service Power Participant (described below), in which case it may enter into buy/sell power and energy transactions with MEAN and other Service Power Participants, but retains full responsibility for meeting its power and energy requirements.

Fifty-four (54) of the Participants (the “*Long-Term Total Requirements Participants*”) have entered into Service Schedule M of the Pooling Agreement (the “*Long-Term Power Supply Contracts*”). The Long-Term Total Requirements Participants, with the limited exception of Aspen, Colorado as discussed herein, have agreed to purchase all of their firm electric requirements from MEAN, exclusive of any firm power and energy allocated to such Long-Term Total Requirements Participants by WAPA, at rates sufficient (together with other revenues of MEAN) to enable MEAN to pay all of the costs of its Power Supply System, including the debt service on the 2013 Series Bonds, as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Long-Term Power Supply Contracts expire on the latest maturity date of bonds issued to finance the projects designated in the Long-Term Power Supply Contracts, which include: (i) MEAN’s long-term indebtedness, (ii) long-term indebtedness issued by Public Power Generation Agency with respect to Whelan Energy Center Unit 2 or (iii)

long-term indebtedness issued by NPPD (defined below) with respect to the Ainsworth Wind Energy Facility. The Long-Term Power Supply Contracts currently expire in 2041.

Eight (8) of the Participants (the “*Medium-Term Total Requirements Participants*”) have entered into Service Schedule K or Service Schedule J of the Pooling Agreement under which they have agreed to purchase all of their electric requirements from MEAN, exclusive of any firm power and energy allocated to such Medium-Term Total Requirements Participants by WAPA, with the exception of Gillette, Wyoming, as discussed herein. These agreements vary in length, but generally have terms of 10 years. The Medium-Term Total Requirements Participants pay rates that are set by MEAN’s Management Committee. Collectively, the Long-Term Total Requirements Participants and the Medium-Term Total Requirements Participants are the “*Total Requirements Participants*.”

Six (6) of the Participants (the “*Service Power Participants*”) do not receive “total-requirements” electric supply services from MEAN, but enter into buy/sell power and energy transactions with MEAN and other Service Power Participants from time to time at negotiated rates.

MEAN also enters into other agreements and transactions with various electric utilities that are not Participants pursuant to which such electric utilities purchase power and energy from MEAN.

FINANCIAL AND OPERATING INFORMATION

The following tables provide summary financial and operating information for MEAN’s last five fiscal years ended March 31:

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
OPERATING INFORMATION					
Participant Electric Energy Sales (MWh)	2,554,513	2,562,983	2,431,693	2,534,818	2,497,247
Other Electric Energy Sales (MWh)	<u>727,304</u>	<u>582,545</u>	<u>572,028</u>	<u>574,328</u>	<u>646,305</u>
Total Electric Energy Sales (MWh)	<u>3,281,817</u>	<u>3,145,528</u>	<u>3,003,721</u>	<u>3,109,146</u>	<u>3,143,552</u>
Coincident Peak Demand (MW)	520	512	492	492	497

FINANCIAL INFORMATION	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Revenues					
Electric energy sales					
Participants	\$131,370,561	\$123,370,071	\$110,637,490	\$114,704,614	\$107,612,028
Non-participants	28,537,503	25,930,009	24,337,000	27,296,738	33,072,692
Rate stabilization fund	2,026,290	(5,204,000)	(3,900,000)	3,000,000	(2,400,000)
Other	<u>742,289</u>	<u>921,699</u>	<u>593,373</u>	<u>449,270</u>	<u>498,025</u>
Total Operating Revenues	\$162,676,643	\$145,017,779	\$131,667,863	\$145,450,622	\$138,782,745
Total Operating Expenses	<u>\$158,746,830</u>	<u>\$141,988,429</u>	<u>\$128,672,917</u>	<u>\$143,245,239</u>	<u>\$138,442,655</u>
Net Operating Results	<u>\$3,929,813</u>	<u>\$3,029,350</u>	<u>\$2,994,946</u>	<u>\$2,205,383</u>	<u>\$340,090</u>
Depreciation and amortization	7,752,492	7,619,526	7,152,233	6,019,413	5,016,376
Non-operating adjustments	-	6,705,544	3,615,239	2,044,564	287,628
Investment return	<u>796,524</u>	<u>961,311</u>	<u>806,376</u>	<u>1,162,518</u>	<u>2,445,336</u>
Net Revenues Available					
for Debt Service	<u>\$12,478,829</u>	<u>\$18,315,731</u>	<u>\$14,568,794</u>	<u>\$11,431,878</u>	<u>\$8,089,430</u>
Debt Service	\$8,723,895	\$11,863,569	\$11,862,244	\$8,110,131	\$6,809,846
Debt Service Coverage	1.43x	1.54x	1.23x	1.41x	1.19x
Long-Term Debt ⁽¹⁾	\$163,035,000	\$174,420,000	\$177,165,000	\$179,785,000	\$118,380,000

(1) Excluding current maturities.

For more complete financial and operating information for MEAN, see “FINANCIAL AND OPERATING INFORMATION” below.

SOURCES OF REVENUES

For its fiscal year ended March 31, 2012, MEAN’s sources of electric energy sales revenues were as follows:

- 76.8% of electric energy sales revenues were from services provided by MEAN to the Total Requirements Participants, with 56.4% of electric energy sales revenues being attributable to the Long-Term Total Requirements Participants and 20.4% being attributable to the Medium-Term Total Requirements Participants,
- 4.8% of electric energy sales revenues were from services provided by MEAN to the Service Power Participants,
- 6.5% of electric energy sales revenues were from scheduling and other services for WAPA power and energy provided on a pass-through basis to 25 Participants,

- 6.1% of electric energy sales revenues were from medium-term contract sales to non-Members, and
- 5.8% of electric energy sales revenues were from net interchange sales.

SECURITY AND SOURCES OF PAYMENT

The 2013 Series Bonds are special obligations of MEAN payable solely from and secured solely by a pledge of the Revenues and certain other funds and amounts pursuant to the Resolution, on a parity with \$63,870,000 outstanding principal amount of its Power Supply System Revenue Refunding Bonds, 2012 Series A, date of original issue—February 15, 2012 (the “2012 Series A Bonds”), \$75,780,000 outstanding principal amount of its Power Supply System Revenue and Refunding Bonds, 2009 Series A, date of original issue—January 20, 2009 (the “2009 Series A Bonds”), and any additional bonds which may be issued under the Resolution (collectively, the “Bonds”). A portion of the proceeds of the 2013 Series A Bonds, together with certain other funds of MEAN, will be deposited into the Debt Service Fund to pay the principal amount of and interest on the Refunded Bonds on April 1, 2013. After such deposit in the Debt Service Fund, the Refunded Bonds will not be deemed outstanding under the Resolution.

This Official Statement provides general information regarding the Participants and their Power Supply Contracts with MEAN, as well as selected financial and operating information for certain Participants. None of the Participants has guaranteed or is responsible for the payment of the 2013 Series Bonds, nor do the 2013 Series Bonds constitute an indebtedness or liability of any of the Participants. The obligations of the Participants are limited to those set forth in their respective Power Supply Contracts with MEAN.

Payments to MEAN by its 54 Long-Term Total Requirements Participants under the Long-Term Power Supply Contracts (which extend beyond the final maturity of the 2013 Series Bonds) constitute the largest source of Revenues. Under the Long-Term Power Supply Contracts, the Long-Term Total Requirements Participants have agreed to pay rates that are sufficient, along with other revenues of MEAN, to pay all of MEAN’s costs and expenses relating to the acquisition and sale of electric power and energy and transmission services, including operation and maintenance expenses and debt service on all bonds and other obligations of MEAN. The Long-Term Total Requirements Participants have agreed to make such payments solely from the available revenues and income of their respective municipal electric utilities as an operating expense and a cost of purchased power and energy. In addition to the Revenues from the Long-Term Total Requirements Participants, MEAN also receives Revenues from the Medium-Term Total Requirements Participants, the Service Power Participants and from other sources and transactions. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pooling Agreements and Long-Term Power Supply Contracts.”

DEBT SERVICE RESERVE

The Bonds are equally secured by the Debt Service Reserve Account. The Debt Service Reserve Requirement has been funded with money deposited by MEAN into the Debt Service Reserve Account. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Debt Service Reserve Requirement.”

RATE COVENANT

MEAN has covenanted in the Resolution to establish and collect rates and charges under the Long-Term Power Supply Contracts and otherwise charge and collect rates and charges for the use or the sale of the output, capacity or service of the Power Supply System in each year that are reasonably expected to yield Net Revenues which, together with other available moneys (including moneys in the rate stabilization account), will be sufficient to pay the aggregate debt service for such year and, together with other available funds, to pay or discharge all other indebtedness, charges, and liens payable out of Revenues under the Resolution for such year, including, without limitation, any payments due under any qualified hedge agreement and any settlement amount related thereto. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant.”

ADDITIONAL BONDS

The Resolution permits the issuance of additional Bonds secured by the Revenues on a parity with the Bonds currently outstanding upon the satisfaction of certain requirements set forth in the Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds.”

MEAN has agreed in the Resolution that it will not issue any obligations the payment of the principal of and interest on which is superior to the Bonds or other obligations issued or incurred under the Resolution.

BOOK-ENTRY ONLY FORM

Purchases of ownership interests on the 2013 Series Bonds will be made through the book-entry only system of The Depository Trust Company (“DTC”). So long as the book-entry system is in effect, payments of principal and interest, and transfers of the 2013 Series Bonds, will be made through the facilities and under the procedures of DTC. See “THE 2013 SERIES BONDS.”

REDEMPTION

The 2013 Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. The 2013 Series B Bonds are not subject to redemption prior to maturity. See “THE 2013 SERIES BONDS.”

AUTHORIZATION

The 2013 Series Bonds are being issued pursuant to the Municipal Cooperative Financing Act, Sections 18-2401 through 18-2485, Reissue Revised Statutes of Nebraska, as amended (the “Act”). The 2013 Series Bonds will be issued and secured under the 2003 Power Supply System Revenue Bond Resolution adopted by the MEAN Board of Directors on August 21, 2003, a Fourth Supplemental Resolution, adopted by the MEAN Board of Directors on November 17, 2011 and a Fifth Supplemental Resolution, adopted by the MEAN Board of Directors on January 10, 2013 (collectively, the “Resolution”).

TRUSTEE, PAYING AGENT, AND REGISTRAR

Wells Fargo Bank, National Association.

TAX MATTERS

Subject to compliance by the Issuer with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel to MEAN, under present law, interest on the 2013 Series A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Nebraska, as presently enacted and construed, interest on the 2013 Series A Bonds is exempt from Nebraska state income taxation. See “TAX MATTERS.”

Interest on the 2013 Series B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Bond Counsel expresses no opinion concerning whether interest on the 2013 Series B Bonds is exempt from Nebraska state income taxation. See “TAX MATTERS.”

CONTINUING DISCLOSURE

MEAN will execute a continuing disclosure undertaking for the benefit of the beneficial owners of the 2013 Series Bonds to enable the Underwriters to comply with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. See “CONTINUING DISCLOSURE” and APPENDIX C.

CONDITIONS OF DELIVERY

The 2013 Series Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel to MEAN, and certain other conditions. Certain legal matters will be passed on for MEAN by Gilmore & Bell, P.C., special counsel to MEAN and Chris Dibbern, general counsel to MEAN, and for the Underwriters by Gilmore & Bell, P.C. See “LEGAL MATTERS.”

INVESTMENT CONSIDERATIONS

Investment in the 2013 Series Bonds is subject to certain risks, including the events and circumstances described under “INVESTMENT CONSIDERATIONS” in this Official Statement.

PLAN OF FINANCE

REFUNDING OF THE REFUNDED BONDS

On the date of issuance of the 2013 Series A Bonds a portion of the net proceeds thereof, together with certain other funds of MEAN, will be deposited into the Debt Service Fund to pay the principal amount of and interest on the Refunded Bonds on April 1, 2013. After such deposit in the Debt Service Fund, the Refunded Bonds will not be deemed outstanding under the Resolution.

PROJECTS

A portion of the proceeds of the 2013 Series Bonds will be deposited into the Construction Fund for the following purposes:

(a) Pay a settlement payment in the amount of approximately \$6.3 million to SPP for charges and penalties relating to the delivery of power and energy to MEAN using SPP's transmission service and the costs and expenses related to the settlement agreement (see "THE MUNICIPAL ENERGY AGENCY OF NEBRASKA-Transmission-SPP" and "LITIGATION-SPP Settlement Agreement");

(b) Reimburse MEAN for a portion of the cost of acquisition, construction, equipping and furnishing of MEAN's Operations and Management Facility, which was completed in August 2012, together with other costs incurred by MEAN in connection with such facility and placing it into operation;

(c) Reimburse MEAN for the cost of acquisition of an additional 0.25% undivided ownership interest in Walter Scott, Jr. Energy Center Unit 4 (see "THE MUNICIPAL ENERGY AGENCY OF NEBRASKA-Power Supply Resources And System-Walter Scott, Jr. Energy Center Unit 4"); and

(d) Pay the costs of planned capital additions, improvements and replacements to MEAN's interests in Laramie River Station, Walter Scott, Jr. Energy Center Unit 4 and Wygen Unit I.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the 2013 Series Bonds are estimated to be as follows:

SOURCES OF FUNDS

2013 Series Bonds Par Amount	\$39,225,000.00
Net Original Issue Premium	2,693,635.35
Refunded Bonds Debt Service Fund	<u>576,625.00</u>
Total	<u>\$42,495,260.35</u>

USES OF FUNDS

Redemption of Refunded Bonds	\$23,741,625.00
2013 Construction Account Deposit	16,303,228.25
Debt Service Reserve Account Deposit	2,060,149.01
Costs of Issuance ⁽¹⁾	<u>390,258.09</u>
Total	<u>\$42,495,260.35</u>

(1) Includes Underwriters' discount, trustee fees, legal fees, rating agency fees, printing fees and other miscellaneous costs of issuance.

THE 2013 SERIES BONDS

GENERAL

The 2013 Series Bonds will be dated as of the date of their original issuance and delivery (the "*Dated Date*") and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The 2013 Series Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, not exceeding the amounts of each maturity.

The 2013 Series Bonds bear interest at the rates set forth on the inside cover page of this Official Statement. Interest on the 2013 Series Bonds is payable semiannually on each April 1 and October 1 commencing October 1, 2013 (each, an "*Interest Payment Date*"). Interest on the 2013 Series Bonds is computed on the basis of a 360-day year of twelve 30 day months. Interest on the 2013 Series Bonds accrues from the Dated Date.

Wells Fargo Bank, National Association, is the Trustee, Paying Agent and Bond Registrar for the 2013 Series Bonds under the Resolution.

OPTIONAL REDEMPTION

The 2013 Series A Bonds maturing on and after April 1, 2024 are subject to redemption prior to maturity at the option of MEAN on or after April 1, 2023 in whole or in part at any time, at a redemption price equal to 100% of the principal amount of the 2013 Series A Bonds to be redeemed plus accrued interest to the redemption date.

The 2013 Series B Bonds are not subject to redemption prior to maturity.

MANDATORY REDEMPTION

The 2013 Series A Bonds maturing on April 1, 2036 and bearing interest at the rate of 5.00% per annum are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date of April 1 of the years, and in the principal amounts, as follows:

<u>Redemption Date</u> <u>April 1 of the Year</u>	<u>Principal Amount</u>
2033	\$2,760,000
2034	2,875,000
2035	2,990,000
2036†	2,285,000

† Maturity

The 2013 Series A Bonds maturing on April 1, 2036 and bearing interest at the rate of 3.75% per annum are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date of April 1 of the years, and in the principal amounts, as follows:

<u>Redemption Date</u> <u>April 1 of the Year</u>	<u>Principal Amount</u>
2033	\$1,840,000
2034	1,925,000
2035	2,020,000
2036†	1,520,000

† Maturity

The 2013 Series A Bonds maturing on April 1, 2036 and bearing interest at the rate of 4.00% per annum are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date of April 1 of the years, and in the principal amounts, as follows:

<u>Redemption Date</u> <u>April 1 of the Year</u>	<u>Principal Amount</u>
2033	\$1,005,000
2034	1,055,000
2035	1,100,000
2036†	840,000

† Maturity

NOTICE OF REDEMPTION

At least 30 days before the redemption of Bonds, the Trustee will mail a notice to the Bond owners, on behalf of MEAN, of the redemption of Bonds. The notice will specify (i) the series; (ii) maturities and interest rates within maturities, if any, of the Bonds to be redeemed; (iii) the redemption date and the place or places where amounts due upon such redemption will be payable; (iv) if fewer than all of the Bonds of any series, maturity and interest rate within maturities are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed; (v) and in the case of bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. The notice will also state that on the redemption date there will become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon will cease to accrue and be payable. In addition, the notice may provide that the redemption of the Bonds is conditioned upon receipt by the Trustee of moneys sufficient to pay the redemption price, plus accrued interest, on the Bonds called for redemption, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event.

BOOK-ENTRY SYSTEM

General. The 2013 Series Bonds are available in book-entry only form. Purchasers of the 2013 Series Bonds will not receive certificates representing their interests in the 2013 Series Bonds. Ownership interests in the 2013 Series Bonds will be available to purchasers only through a book-entry system (the “*Book-Entry System*”) maintained by DTC in New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. MEAN takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the 2013 Series Bonds. The 2013 Series Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2013 Series Bonds and will be deposited with DTC.

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

Purchases of Ownership Interests. Purchases of 2013 Series Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the 2013 Series Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Series Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the 2013 Series Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of

the 2013 Series Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Series Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2013 Series Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the 2013 Series Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Payments of Principal, Redemption Price and Interest. Redemption proceeds, distributions, and dividend payments on the 2013 Series Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from MEAN or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MEAN, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as depository with respect to the 2013 Series Bonds at any time by giving reasonable notice to MEAN or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

MEAN may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2013 Series Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Resolution.

Transfer and Exchange. So long as the book-entry system is in effect, Beneficial Owners may transfer their interests in the 2013 Series Bonds through the book-entry system. In the event of a discontinuance of the book-entry system, the 2013 Series Bonds may be transferred or exchanged only upon the registration books of the Bond Registrar, subject to the restrictions described below.

MEAN and the Trustee are not required to transfer or exchange any 2013 Series Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date; (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto; (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any 2013 Series Bonds for redemption, to and including the date of such mailing; or (iv) at any time following the mailing of notice calling such 2013 Series Bond for redemption. For purposes of the Resolution "Regular Record Date" means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date. For purposes of the Resolution "Special Record Date" means such date as may be fixed for the payment of defaulted interest on the 2013 Series Bonds.

DEBT SERVICE REQUIREMENTS

The following table shows the aggregate debt service requirements on all of MEAN's outstanding bonded indebtedness prior to the issuance of the 2013 Series Bonds (excluding debt service on the Refunded Bonds), and the 2013 Series Bonds.

BOND YEAR ENDING APRIL 1	OUTSTANDING BONDS			2013 SERIES A BONDS			2013 SERIES B BONDS			AGGREGATE DEBT SERVICE
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2014	\$ 2,855,000	\$ 6,955,556	\$ 9,810,556	\$ -0-	\$ 1,442,135.14	\$ 1,442,135.14	\$ -0-	\$ 155,363.55	\$ 155,363.55	\$ 11,408,054.69
2015	2,965,000	6,847,606	9,812,606	1,190,000	1,426,287.50	2,616,287.50	-0-	153,656.26	153,656.26	12,582,549.76
2016	3,345,000	6,735,256	10,080,256	1,225,000	1,390,587.50	2,615,587.50	960,000	153,656.26	1,113,656.26	13,809,499.76
2017	3,480,000	6,599,556	10,079,556	1,260,000	1,353,837.50	2,613,837.50	975,000	141,464.26	1,116,464.26	13,809,857.76
2018	3,650,000	6,425,556	10,075,556	1,310,000	1,303,437.50	2,613,437.50	985,000	127,131.76	1,112,131.76	13,801,125.26
2019	3,835,000	6,243,056	10,078,056	1,375,000	1,237,937.50	2,612,937.50	1,005,000	110,682.26	1,115,682.26	13,806,675.76
2020	4,025,000	6,051,306	10,076,306	-0-	1,169,187.50	1,169,187.50	1,025,000	86,672.80	1,111,672.80	12,357,166.30
2021	4,230,000	5,850,056	10,080,056	-0-	1,169,187.50	1,169,187.50	1,055,000	58,598.06	1,113,598.06	12,362,841.56
2022	4,440,000	5,638,556	10,078,556	300,000	1,169,187.50	1,469,187.50	790,000	26,220.10	816,220.10	12,363,963.60
2023	4,665,000	5,414,669	10,079,669	1,125,000	1,157,187.50	2,282,187.50				12,361,856.50
2024	4,900,000	5,179,438	10,079,438	1,185,000	1,100,937.50	2,285,937.50				12,365,375.50
2025	5,145,000	4,932,338	10,077,338	1,245,000	1,041,687.50	2,286,687.50				12,364,025.50
2026	5,405,000	4,672,894	10,077,894	-0-	979,437.50	979,437.50				11,057,331.50
2027	5,680,000	4,400,344	10,080,344	-0-	979,437.50	979,437.50				11,059,781.50
2028	5,965,000	4,113,919	10,078,919	-0-	979,437.50	979,437.50				11,058,356.50
2029	6,265,000	3,813,119	10,078,119	-0-	979,437.50	979,437.50				11,057,556.50
2030	6,580,000	3,497,194	10,077,194	-0-	979,437.50	979,437.50				11,056,631.50
2031	6,920,000	3,159,700	10,079,700	-0-	979,437.50	979,437.50				11,059,137.50
2032	7,275,000	2,804,794	10,079,794	-0-	979,437.50	979,437.50				11,059,231.50
2033	2,635,000	2,431,650	5,066,650	5,605,000	979,437.50	6,584,437.50				11,651,087.50
2034	2,775,000	2,290,019	5,065,019	5,855,000	732,237.50	6,587,237.50				11,652,256.50
2035	2,930,000	2,140,863	5,070,863	6,110,000	474,100.00	6,584,100.00				11,654,963.00
2036	4,820,000	1,983,375	6,803,375	4,645,000	204,850.00	4,849,850.00				11,653,225.00
2037	10,140,000	1,724,300	11,864,300							11,864,300.00
2038	10,685,000	1,179,275	11,864,275							11,864,275.00
2039	11,255,000	604,956	11,859,956							11,859,956.00
TOTAL	\$136,865,000	\$111,689,351	\$248,554,351	\$32,430,000	\$24,208,285.14	\$56,638,285.14	\$ 6,795,000	\$1,013,445.31	\$7,808,445.31	\$313,001,081.45

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

PLEDGE OF THE RESOLUTION

The Bonds are special obligations of MEAN payable solely from and secured solely by a pledge and assignment of (i) the Revenues; (ii) all right, title and interest of MEAN under the Power Supply Contracts; and (iii) all Funds (excluding the Operating Credit Account) established by the Resolution.

The Revenues include (i) all payments received by MEAN pursuant to the Power Supply Contracts; (ii) all revenues, income, rents and receipts derived by MEAN from or attributable to the ownership and operation of the Power Supply System; (iii) the proceeds of any insurance covering business interruption loss; and (iv) receipts of MEAN under any qualified hedge agreement.

The full faith and credit of MEAN is not pledged as security for the Bonds. MEAN has no taxing power. The Bonds do not constitute general obligations of MEAN, the Participants, or any other entity or body, municipal, state or otherwise. MEAN will not mortgage or grant a security interest in the Power Supply System properties, other than the Revenues and certain funds under the Resolution, to secure payment of the Bonds. See “INVESTMENT CONSIDERATIONS—Special Obligations.”

ANNUAL BUDGET

The Resolution requires MEAN to prepare and file with the Trustee an Annual Budget for each Fiscal Year that shows, among other things:

- the estimated Revenues, Operating Expenses and other expenditures of the Power Supply System,
- the appropriations for the estimated Operating Expenses for such Fiscal Year, including provision for any general reserve for Operating Expenses,
- the estimated amount to be deposited during such Fiscal Year in the Reserve and Contingency Fund,
- the requirements, if any, for the amounts estimated to be expended for each Fund and Account established under the Resolution,
- amounts estimated to be expended for each Fund and Account established under the Resolution, and
- such additional detail as shall be necessary or appropriate to comply with all participation and operating agreements to which MEAN is a party (the “*System Agreements*”) and such additional material as MEAN may determine.

Following the end of each quarter of each Fiscal Year, the Resolution requires that MEAN review its estimates set forth in the Annual Budget and, in the event such estimates do not substantially correspond with actual Revenues, Operating Expenses or other requirements, or if there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, requires MEAN to prepare an amended Annual Budget for the remainder of such Fiscal Year.

RATE COVENANT

MEAN has covenanted in the Resolution that it will at all times establish and collect rates and charges under the Power Supply Contracts and will otherwise charge and collect rates and charges for the use or the sale of the output, capacity or service of the Power Supply System in each year that are reasonably expected to yield Net Revenues that, together with other available moneys, will be sufficient to pay the aggregate debt service for such year and, together with other available funds, to pay or discharge all other indebtedness, charges and liens payable out of Revenues under the Resolution for such year, including, without limitation, any amounts payable under a qualified hedge agreement and any settlement amount with respect thereto. At least once each year MEAN will review the rates and charges and will promptly revise such rates and charges as necessary to comply with all of its covenants under the Resolution.

DEBT SERVICE RESERVE REQUIREMENT

The Bonds are equally secured by the Debt Service Reserve Account, which is required under the Resolution to be funded in an amount equal to the Debt Service Reserve Requirement. The Debt Service Reserve Requirement for the Bonds is equal to the lesser of (i) 10% of the aggregate original principal proceeds of all series of Bonds then outstanding; (ii) the maximum aggregate Debt Service due in any fiscal year on all series of Bonds then outstanding; and (iii) 125% of the aggregate average Debt Service due on all series of Bonds then outstanding during any fiscal year. Upon the issuance of the 2013 Series Bonds, \$2,060,149.01 will be deposited into the Debt Service Reserve Account, which is equal to the maximum Debt Service in any fiscal year on all outstanding Bonds. When moneys on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement, the excess will be deposited in the Revenue Fund.

Under the Resolution, the Debt Service Reserve Requirement may be satisfied by a deposit of either moneys and/or investment securities or a debt service reserve policy in accordance with the requirements of the Resolution. As of the date of this Official Statement all of the Debt Service Reserve Requirement has been satisfied with a deposit of money by MEAN into the Debt Service Reserve Account.

FUNDS AND ACCOUNTS

The following funds and accounts are created under the Resolution:

- Construction Fund, held by the Trustee;
- Revenue Fund, held by MEAN;
- Operating Fund, held by MEAN;

- Debt Service Fund, held by the Trustee, consisting of a Debt Service Account, an Operating Credit Account, a Debt Service Reserve Account and a Subordinated Indebtedness Account;
- Reserve and Contingency Fund, held by MEAN; and
- General Reserve Fund, held by MEAN, consisting of a General Reserve Account and a Rate Stabilization Account.

FLOW OF FUNDS

For so long as the Bonds are outstanding, all Revenues will be deposited into the Revenue Fund held by MEAN under the Resolution. As a first charge on the Revenues, the Resolution provides for transfers to the Operating Fund for the payment of MEAN's Operating Expenses. Under the Resolution, "Operating Expenses" includes all of the costs of operating and maintaining MEAN's Power Supply System. The Revenues are then to be applied in the following manner and order of priority:

First, MEAN will transfer and deposit into the Debt Service Fund:

(a) pro rata on the basis of the amount required (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in the Debt Service Account equals the Accrued Aggregate Debt Service as of the end of the last day of the then current month; (ii) for credit to the Debt Service Account, any net payment required to be made by MEAN under any hedge agreement; and (iii) for credit to the Operating Credit Account, the amount, if any, equal to the sum of amounts required to pay principal of and accrued interest on the Operating Credit Obligation for such month; plus

(b) for credit to the Debt Service Reserve Account, the amount, if any, required for such account to equal the Debt Service Reserve Requirement; plus

(c) for credit to the Subordinated Indebtedness Account, an amount, if any, equal to the sum of amounts required to pay principal and premium, if any, of and interest on each issue of Subordinated indebtedness.

Second, MEAN will transfer to the Reserve and Contingency Fund the amount, if any, required for such fund to equal the Reserve and Contingency Fund Requirement.

Last, MEAN will transfer to the General Reserve Fund the remaining balance, if any, in the Revenue Fund.

Any amount on deposit in the General Reserve Fund on the first day of any month and not required to meet a deficiency in the Operating Fund, the Debt Service Account, the Debt Service Reserve Account, the Subordinated Indebtedness Account or the Reserve and Contingency Fund, and not required to be applied to any other purpose may be transferred to the Revenue Fund or may be used for one or more of the following:

- the purchase or redemption of bonds or the payment or prepayment of the Operating Credit Obligation;

- the payments of principal or redemption price of and interest on any Subordinated Indebtedness;
- payments into the Construction Fund;
- payments of any costs of acquisition and construction;
- increases in working capital requirements pursuant to a Power Supply System agreement;
- the payments of any costs associated with the planning, developing and preparation of electric generation or transmission facilities;
- the deposit in a special account created for a decommissioning reserve; and
- any other lawful purpose, including transfers to the Rate Stabilization Account described below.

RATE STABILIZATION ACCOUNT

Upon creation of the Rate Stabilization Account, MEAN established a goal of accumulating an account balance of 15 percent of annual operating expenses. Additions to the fund are determined annually by resolution of the Board of Directors. The account balance as of March 31, 2012 was \$17,328,000. Of this amount, \$3,868,000 is budgeted for use in fiscal 2013 to stabilize Participant rates.

ADDITIONAL BONDS

Pursuant to the Resolution, MEAN has reserved the right to issue additional bonds (“*Additional Bonds*”) having a lien on the Revenues on a parity with the Bonds currently outstanding.

MEAN may issue Additional Bonds to finance the Cost of Acquisition and Construction of the Power Supply System, including the cost of acquiring or constructing additions or improvements to the Power Supply System or the acquisition of resources for use in the Power Supply System or to refund outstanding Bonds upon the receipt of the Trustee of the following:

- A certificate of an authorized officer of MEAN setting forth for any period of 12 consecutive months within the 24 months next preceding the date of the authentication and delivery of such series of Bonds (A) Net Revenues and (B) Aggregate Debt Service during such period, and showing that Net Revenues for such period plus amounts available for transfer to the Revenue Fund from the General Reserve Fund in each month during such period were at least equal to 1.0 times the Aggregate Debt Service for such period with respect to the Bonds then outstanding;
- An opinion of bond counsel;
- A written order as to the delivery of such Bonds, signed by an authorized officer of MEAN;

- A copy of the supplemental resolution authorizing such Bonds, certified by an authorized officer of MEAN;
- The amount, if any, necessary for deposit in the Debt Service Reserve Account so that such account will equal the debt service reserve requirement;
- The amount, if any, necessary for deposit in the Reserve and Contingency Fund so that such Fund will equal the Reserve and Contingency Fund Requirement;
- The amount, if any, to be deposited in the Operating Fund;
- A certificate of an authorized officer of MEAN stating that either (A) no Event of Default has occurred and is continuing under the Resolution or (B) the application of the proceeds of sale of such series of Bonds will cure any such Event of Default;
- An opinion or opinions of counsel to the effect that all Long-Term Power Supply Contracts then in force have been duly authorized, executed and delivered by the parties thereto and constitute valid and binding obligations of such parties in accordance with their respective terms; and
- Such further documents required by the provisions of any supplemental resolution.

POOLING AGREEMENTS AND LONG-TERM POWER SUPPLY CONTRACTS

MEAN is currently a party to Pooling Agreements with 68 municipal electric utilities in Nebraska, Colorado, Iowa and Wyoming (the “*Participants*”). Of these Participants, 62 have elected to receive “total-requirements” electric supply service from MEAN, exclusive only of any firm power and energy allocated to such Participants by WAPA (the “*Total Requirements Participants*”), except for certain generating facilities of Waverly Light & Power, Iowa and Aspen, Colorado. See “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA – POWER SUPPLY RESOURCES AND SYSTEM – *Pooling Agreements*.”

The objectives of the Pooling Agreements are to provide an adequate power supply for the Participants consistent with proper standards of reliability and to provide for equitable sharing of the resulting benefits and costs. This is accomplished through joint planning, central dispatching, cooperation in environmental matters and coordinated construction, operation and maintenance of electrical generating and transmission facilities owned or controlled by the Participants and MEAN and through coordination with other power pools and utilities.

The 54 Long-Term Total Requirements Participants have contracted with MEAN for long-term “total-requirements” electric supply services, exclusive only of any firm power and energy allocated to such Long-Term Total Requirements Participants by WAPA (except for certain generating facilities of Waverly Light & Power, Iowa and Aspen, Colorado, as noted above) by entering into Service Schedule M of the Pooling Agreement (the “*Long-Term Power Supply Contracts*”). The Long-Term Total Requirements Participants have agreed to make payments to MEAN under nondiscriminatory, fair and reasonable rates designed by MEAN to be sufficient, along with all other revenues of MEAN, to pay all of the costs of the Power Supply System, including the debt service on the 2013 Series Bonds. MEAN’s rates for its Long-Term Participant contracts have a pooled energy adjustment clause that allows MEAN to adjust rates to these Participants during any month to recover energy costs exceeding budgeted amounts that might impact MEAN’s ability to satisfy its obligations. The Long-Term Power Supply Contracts

extend beyond the final maturity of all of MEAN's outstanding Bonds and the payments to be made under the Long-Term Power Supply Contracts constitute the primary source of Revenues pledged and dedicated to payment of the 2013 Series Bonds under the Resolution. The Long-Term Total Requirements Participants accounted for approximately 56.4% of MEAN's electric energy sales revenues during the fiscal year ended March 31, 2012. For additional information regarding the Long-Term Total Requirements Participants and the Long-Term Power Supply Contracts, see "THE PARTICIPANTS—Long-Term Total Requirements Participants" below.

The eight Medium-Term Total Requirements Participants, except for Gillette, Wyoming, as discussed under "THE PARTICIPANTS—MEDIUM-TERM TOTAL REQUIREMENTS PARTICIPANTS," have contracted with MEAN for "total-requirements" electric supply services, exclusive only of any firm power and energy allocated to such Medium-Term Total Requirements Participants by WAPA, by entering into Service Schedule J of the Pooling Agreement ("*Service Schedule J*") or Service Schedule K of the Pooling Agreement ("*Service Schedule K*"). The terms of the Service Schedule J's and the Service Schedule K's vary in length, but are generally up to 10 years.

The rates paid by the Medium-Term Total Requirements Participants under Service Schedule K are established and modified by MEAN's Management Committee (hereinafter defined), are based on MEAN's cost of power and energy, and are higher than the Schedule M rates. The rates paid by the Medium-Term Total Requirements Participants under Service Schedule J are based on rates negotiated and agreed to by the Management Committee and each such Medium-Term Total Requirements Participant. All of MEAN's Medium-Term Total Requirements Participants under Service Schedule J have a governmental imposition clause that allows MEAN to pass through the impact of any taxes or other governmental or regulatory fees (including without limitation emissions allowances, renewable portfolio standards, charges or expenses), implemented or enforced after execution of the Service Schedule J Agreement. MEAN's rates for its Service Schedule K Participant contracts have a pooled energy adjustment clause that allows MEAN to adjust rates to these Participants during any month to recover energy costs exceeding budgeted amounts that might impact MEAN's ability to satisfy its obligations. The Medium-Term Total Requirements Participants accounted for approximately 20.4% of MEAN's electric energy sales revenues during the fiscal year ended March 31, 2012. For additional information regarding the Medium-Term Total Requirements Participants and Service Schedule J and Service Schedule K, see "THE PARTICIPANTS—Medium-Term Total Requirements Participants" below.

Service Power Participants do not receive all of their power supply needs from MEAN, and they may enter into buy/sell power and energy transactions with MEAN and other Service Power Participants at negotiated rates. There are six Service Power Participants, which accounted for approximately 4.8% of MEAN's electric energy sales revenues during the fiscal year ended March 31, 2012. See "THE PARTICIPANTS—Service Power Participants" below.

THE MUNICIPAL ENERGY AGENCY OF NEBRASKA

GENERAL

MEAN was created on June 22, 1981 as a body corporate and politic under the laws of the State of Nebraska under the Municipal Cooperative Financing Act, Sections 18-2401 through 18-2485, Reissue Revised Statutes of Nebraska (the "*Act*"). MEAN was created for the purpose of planning, acquiring, financing and operating facilities to generate and transmit electric power and energy. MEAN's services include power supply and control area support, dispatching,

energy load forecasting, wheeling arrangements, load research, limited political action, demand-side management, load factor improvement, training, community development and energy cost analysis.

MEAN currently has 68 Participants, 62 of which are Total Requirements Participants that receive “total-requirements” electric supply services from MEAN, exclusive only of their firm power and energy allocations from WAPA, except for certain generating facilities of Waverly Light & Power, Iowa and Aspen, Colorado, as discussed under “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA—POWER SUPPLY RESOURCES AND SYSTEM—*Pooling Agreements*” and Gillette, Wyoming, as discussed under “THE PARTICIPANTS—MEDIUM-TERM TOTAL REQUIREMENTS PARTICIPANTS.” Additional municipalities may become Participants of MEAN with the approval of the Management Committee of MEAN.

Fifty-three of the Participants have taken additional steps to become members of MEAN (the “*Members*”) under the Act by making application with the Nebraska Power Review Board. Each Member appoints and is represented by a director on the MEAN Board of Directors, as described below.

NMPP ENERGY

MEAN, Nebraska Municipal Power Pool, Public Alliance for Community Energy and National Public Gas Agency operate under the umbrella organization of NMPP Energy pursuant to a Joint Operating Committee Agreement. Through NMPP Energy, MEAN and the other participating organizations share administrative resources and staff, allowing them to more efficiently run their operations and their systems. NMPP Energy provides substantial benefits to MEAN and the other participating organizations, including: (i) the development and utilization of a highly skilled and professional staff with specialized technical expertise in business management, administration, engineering, finance, accounting, governmental affairs, law, and other disciplines; (ii) achieving economies of scale and the sharing of fixed costs and overheads; (iii) the development and execution of projects, plans, and services that benefit multiple organizations; and (iv) the sharing of institutional experience through overlapping governing bodies. MEAN and each of the other organizations participating in NMPP Energy is an independent financial entity; none of the participating organizations are financially liable for the debts or obligations of any other participating organization.

ORGANIZATION AND POWERS

The Act authorizes MEAN to plan, construct, operate, participate in or acquire facilities, within or outside the State of Nebraska, for the generation, transmission or distribution of electric power and energy, solely or in common with others. Under the Act, MEAN may sell or exchange excess capacity of any project or electric power or energy owned, purchased, or leased by MEAN not required by its Participants. The Act authorizes MEAN to issue its bonds, notes and other evidences of indebtedness. In the acquisition of property, MEAN may exercise the power of eminent domain.

MEAN is governed by a board of directors (the “*Board of Directors*”) consisting of one director for each of the Members, appointed by the mayor or chair of each Member, and approved by the governing body of each Member. Each director serves for a three-year term or until his or her successor is appointed and is entitled to one vote. A director may be removed for any cause at any time by the governing body of the Member that such director represents. The

removal of an officer requires an affirmative vote by two-thirds of the Members. Amending the MEAN charter requires an affirmative vote of a majority of the Members. Most other actions require the approval of a majority of the Members present and voting.

In addition, MEAN has a management committee that serves as the “operator” for MEAN (the “*Management Committee*”). The Management Committee reviews Service Schedule K and J rates and charges as well as operational issues. Each Participant designates one representative to serve on the Management Committee. Each representative is entitled to one vote, unless weighted voting is requested.

The Members of the Board of Directors as of January 1, 2013 are:

<u>DIRECTOR</u>	<u>MEMBER REPRESENTED</u>	<u>POSITION WITH MEMBER</u>
Larry Heinrich	Alliance, NE	Electric Superintendent
Michael Ferguson	Ansley, NE	Utilities Superintendent
Bill Moser	Arnold, NE	Village Superintendent
David Hornbacher	Aspen, CO	Director of Utilities
Amy Kania	Basin, WY	Mayor
Jim Ostdiek	Bayard, NE	Council Member
Dennis Chesterman	Beaver City, NE	Utility Supervisor
James Summers	Benkelman, NE	Utility Superintendent
Larry Edgar	Blue Hill, NE	Utility Worker
Diane Lucas	Breda, IA	City Clerk
Bradley Hanson	Bridgeport, NE	City Administrator
Doug Staab	Broken Bow, NE	Electrical Superintendent
Richard Pedersen	Burwell, NE	Former Mayor
Lynn Longmore	Callaway, NE	Utilities Superintendent
Mike Graham	Chappell, NE	Utility Foreman
Tom Ourada	Crete, NE	Director of Public Works
Doug Schultz	Curtis, NE	City Administrator/Clerk/Treasurer
Steve Glammeyer	Delta, CO	Utilities Director
Michael Beachler	Fairbury, NE	Superintendent of Utilities
Alan Romine	Falls City, NE	Utility Operations Superintendent
Keith Beck	Fleming, CO	Town Superintendent
Jeff Wells	Fort Morgan, CO	Interim City Manager
Larry Patterson	Fountain, CO	Utility Director
Ron Doggett	Gering, NE	Electric Utility Superintendent

<u>DIRECTOR</u>	<u>MEMBER REPRESENTED</u>	<u>POSITION WITH MEMBER</u>
Robin Millyard	Glenwood Springs, CO	Public Works Director
Phil Calkins	Grant, NE	Member Board of Public Works
Ken Bradford	Gunnison, CO	Director of Public Works
George Michael	Haxtun, CO	Town Superintendent
Pat Davison	Imperial Public Power District, NE	Director of Public Works
Todd Kielkopf	Indianola Municipal Utilities, IA	General Manager
Allen Coyne	Julesburg, CO	Town Manager
William Hinton	Kimball, NE	Electric Superintendent
Kim Robb	Lyman, NE	Clerk/Treasurer
Victoria Simonsen	Lyons, CO	Town Administrator
Ty Abernethy	Mitchell, NE	City Administrator
Tammy Cooley	Morrill, NE	Clerk/Treasurer
Leroy Frana	Nebraska City, NE	General Utility Manager
Joe McNally	Neligh, NE	Assistant City Attorney
Duane Hoffman	Oxford, NE	Director of Public Works
Franklin Fendrick	Pender, NE	Utilities Superintendent
David Hoogestraat	Pierce, NE	Utilities Superintendent
Albert Wood	Red Cloud, NE	Former City Administrator
Brian Redshaw	Sergeant Bluff, IA	City Administrator
Richard Walter	Shickley, NE	Village Chair
Rod Fries	Sidney, NE	Electric Dist Superintendent
Bob Lockmon	Stuart, NE	Utility Superintendent
Mike Varney	Torrington, WY	Mayor
Ray Boeckman	Wall Lake, IA	Councilman
Diane Johnson	Waverly Light and Power, IA	General Manager
Tom Goulette	West Point, NE	City Administrator
Randy Woldt	Wisner, NE	Utilities Superintendent
Greg Cramer	Wood River, NE	Mayor
Gannon Leifheit	Yuma, CO	Electrical Supervisor

The Act authorizes the Board of Directors to create one or more project committees to which the Board of Directors may delegate such powers and duties with respect to a project as

the Board of Directors shall specify. The Board of Directors has created the following committees: Executive Committee, Services Committee and Finance Committee. In addition, pursuant to the Pooling Agreement, the Management Committee has created the Power Supply Committee.

The officers of MEAN are elected by the Board of Directors of MEAN to serve terms of one year. The current officers of MEAN are:

Chair. Rod Fries (since January, 2010). Mr. Fries currently serves as the Electric Distribution Superintendent for the City of Sidney, Nebraska and has been employed with the City of Sidney, Nebraska for 28 years. Prior to employment with the City of Sidney, Nebraska, Mr. Fries assisted in the building of the Pawnee Power Plant, located 4 miles east of Fort Morgan, Colorado, for two years and served as an electric lineman for 10 years for the Morgan County REA in Fort Morgan, Colorado. Mr. Fries also serves on the following MEAN committees: Executive Committee, Management Committee, and Power Supply Committee. Additionally, he serves on the NMPP Board of Directors and the NMPP Joint Operating Committee, and as the alternate of the ACE Board of Directors.

Vice Chair. Ty Abernethy (since January 2010). Mr. Abernethy has been Utility Superintendent (1986 to 2001) and City Administrator (since 2001) in Mitchell, Nebraska. Mr. Abernethy serves on various MEAN Committees, including the Finance Committee and Power Supply Committee, and is a member of the NMPP Member's Council, ACE Executive Committee, and ACE Board of Directors. Mr. Abernethy served on the League of Nebraska Municipalities Executive Board from 2006 to 2008, and served as the Utilities Section President from 2002 to 2003.

Secretary-Treasurer. Tom Ourada (since January 2010). Tom Ourada currently serves as the Director of Public Works for the City of Crete, Nebraska. After attending Doane College, Tom started his career with the City as a lineman in 1979. In 1987, he left the City to study Electrical Engineering at the University of Nebraska-Lincoln. He then joined HDR Engineering in 1990 as power systems technician. In 1991, he returned to the City as the Electric Superintendent. In 1994, all city utilities and the street department were combined into public works and Tom was appointed the newly created position of Director. He also serves as the certified Street Superintendent. Tom is also a member and past president of the Nebraska State Electrical Board since appointed by Governor Mike Johanns in 2004. In addition to serving on the MEAN Board since 1994, he is on the MEAN Management, Power Supply, and Finance Committees.

MANAGEMENT

The Board of Directors is assisted by the Executive Director of NMPP Energy and NMPP Energy staff. The following is a brief description of the background of the key management of NMPP Energy.

Executive Director. J. Gary Stauffer has served as Executive Director of NMPP Energy since 2005. Mr. Stauffer has more than 35 years of management experience in primary metals and energy industries. Mr. Stauffer graduated from The Ohio State University in 1968. Mr. Stauffer began working in the energy industry in 1987. He has experience in power plant development, industrial fuel management, wholesale trading of natural gas and electricity throughout the West Coast of Canada and the United States, and directing programs to improve

competitiveness, productivity and profitability for the largest energy users throughout North America. He currently serves as Vice-Chair of the APPA Board of Directors and is the Chair-Elect of APPA's Board and also serves on the APPA Climate Change Task Force.

As the Executive Director, Mr. Stauffer directs and administers all activities of the entities that comprise NMPP Energy. He is responsible for sound financial management, delivery of competitively-priced energy supply and services to Participants. Mr. Stauffer develops the structure of the various entities needed to serve Participants and the organizational structure of shared staff. In this position, Mr. Stauffer directs the entities' legislative activities at both the state and national level and develops short and long-term plans for NMPP Energy.

Director of Wholesale Electric Operations. Robert Pick joined the NMPP Energy staff in 2008 as Manager of Electric Operations for MEAN. Mr. Pick was promoted to Director of Wholesale Electric Operations in 2011. For 3 years prior to joining NMPP Energy, Mr. Pick worked for The Energy Authority ("TEA") in Jacksonville, Florida as a Risk Manager/Originator where he was responsible for daily and weekly market analysis; executing futures, swaps, options, and financial hedges; and buying and selling power in the wholesale markets on behalf of Nebraska Public Power District ("NPPD"). Prior to TEA, Mr. Pick was with Mid-American Energy in Des Moines for 10 years where he worked as an auditor, performing back office functions of the energy trading floor, and as a term and hourly trader.

Mr. Pick earned a Bachelor of Science degree in Accounting and Management from Buena Vista College and a Master of Business Administration degree from Upper Iowa University.

The Director of Wholesale Electric Operations is responsible for (a) preparing and monitoring MEAN's fiscal budget and taking corrective actions when needed, (b) managing the overall financial condition of MEAN, (c) promotion and protection of the interests of MEAN, and (d) ensuring that all contract obligations to the Participants are met and compliance requirements are fulfilled.

Director of Finance and Accounting. Jamie Johnson has served as Director of Finance and Accounting of NMPP Energy since 2012. Upon graduation from the University of Nebraska - Lincoln with a Bachelor of Science in Business Administration, Accounting emphasis, Ms. Johnson began her career as an audit staff with Deloitte in Lincoln, Nebraska. After five years with Deloitte, Ms. Johnson joined BKD, LLP in Lincoln, Nebraska where she worked as an audit manager until joining NMPP Energy. As a Certified Public Accountant, Ms. Johnson has over 12 years of experience in public accounting, assisting not-for-profit and government organizations with their audit and consulting needs. Ms. Johnson is a member of the American Institute of Certified Public Accountants and the Nebraska Society of Certified Public Accountants in which she also serves as Secretary of the Board of Directors.

As the Director of Finance and Accounting, Ms. Johnson's responsibilities include accounting activity, banking relationships, annual audits and financial analysis of each entity under the NMPP Energy umbrella. In addition, Ms. Johnson assists the Director of Wholesale Electric Operations with preparing and monitoring MEAN's fiscal budget and managing the overall financial condition of MEAN.

Manager of Electric Operations. Billy Cutsor is a Registered Professional Mechanical Engineer in the state of Nebraska. Mr. Cutsor joined the NMPP Energy staff in 2005 as a Resource Planning Engineer for MEAN, performing wind forecast analysis for the MEAN Wind

Project at Kimball, Nebraska, as well as cost of service and retail rate design studies for Nebraska Municipal Power Pool members. Mr. Cutsor's current responsibilities include evaluation of transmission rights and generation resources for MEAN Participants in two Regional Transmission Organizations ("RTO"): SPP and Midwest Independent System Operator ("MISO"), utilizing ten different transmission systems in the eastern and western interconnections. Additionally, Mr. Cutsor's responsibilities include integrated resource plans, generation operations, transmission planning, and North America Electric Reliability Corporation ("NERC") compliance in the Midwest Reliability Organization ("MRO") and the Western Electricity Coordinating Council ("WECC").

Mr. Cutsor received a Bachelor of Science Degree in Biological Systems Engineering from the University of Nebraska – Lincoln. Upon graduation from the University of Nebraska-Lincoln in 2001, Mr. Cutsor entered the US Navy as a Nuclear Propulsion Officer where he qualified to supervise nuclear plant operations. Mr. Cutsor completed his Master of Engineering degree with emphasis in Engineering Management from the University of Nebraska-Lincoln in 2009.

The Manager of Electric Operations is responsible for MEAN's operation center, which handles capacity and energy sales and purchasing, energy transmission, sub-transmission arrangements, and operating reserves in MISO, SPP and WECC. The operation center also negotiates contracts for power supply and for buying and/or selling resources for next hour to long-term deals.

Manager of Resources and Planning. David Dietz joined the NMPP Energy staff in October 2006. Prior to coming to MEAN, Mr. Dietz worked at Omaha Public Power District ("OPPD") for 32 years, during which he was part of the start-up team that commissioned Nebraska City Unit 1 in May 1979, served as the station Plant Engineer in 1983, and then Manager of System Operation, where he was on the leadership team that initiated OPPD wholesale energy marketing business. Mr. Dietz concluded his career at OPPD as Division Manager of Production Operations with responsibility for the operation and maintenance of OPPD's fossil fuel-based generating fleet.

Mr. Dietz earned a Bachelor of Science degree in Electrical Engineering from the University of Nebraska-Lincoln. Mr. Dietz is a Registered Professional Engineer in the State of Nebraska.

The Manager of Resources and Planning is responsible for overseeing engineering specifications, procurement, and construction of MEAN-owned generation and coordination with engineering and planning to determine optimal location, type and timing of future resources and ensure transmission delivery.

RTO/Settlements Manager. Jill Jones joined the NMPP Energy staff in 2001 as an Energy Supply/Rate Analyst for MEAN, preparing budgets and long term financial forecasts, assisting with bond financing/refinancing, running power cost analyses, developing the integrated resource plan, and submitting Nebraska Department of Environmental Quality, Department of Energy – Energy Information Administration, FERC, MRO, NERC and WECC compliance data and reports.

Ms. Jones received a Bachelor of Science Degree in Business Administration, Accounting emphasis, from the University of Nebraska – Lincoln. Prior to joining NMPP Energy, Ms. Jones worked for Lincoln Telephone (also known as Aliant, Alltel, Windstream) as

an accountant where she was responsible for rates, budgets, account reconciliations, verification of purchase of accounts receivable and billing and collection bills, forecasting for financial statement development, and supervising the message investigation center.

The RTO/Settlements Manager is responsible for managing and executing asset optimization strategies for MEAN's participation in MISO and SPP markets including bid/offer curves for congestion rights, and managing wholesale energy settlement and billing activities.

Manager of Engineering Services. Phil Euler joined the NMPP Energy staff in 2008 after having worked for Lincoln Electric System for nearly 30 years in rates and forecasting, power analysis, and energy services. Most recently, Mr. Euler worked as a consultant for Utility Financial Solutions conducting financial planning, cost of service, and pricing studies for public power entities. Mr. Euler has taught American Public Power Association courses nationally for nearly 23 years on cost of service methods and retail rate design. Mr. Euler is a Registered Professional Engineer in the State of Nebraska.

The Manager of Engineering Services has the responsibility to manage and deliver financial planning, costs of service and retail rate studies, and policy options to utilities that enhance their utility financial integrity.

POWER SUPPLY RESOURCES AND SYSTEM

Power Supply System Summary. The Power Supply System consists of owned, leased and purchased power supply resources as well as transmission system arrangements used to transmit resources to the Total Requirements Participants. The Participants are located on both the Eastern Interconnected System (the "*Eastern Interconnection*") and the Western Interconnected System (the "*Western Interconnection*"). The Eastern Interconnection and the Western Interconnection are interconnected through seven (7) AC-DC-AC ties, one of which is located near Sidney, Nebraska (known as the Sidney Tie). MEAN holds firm contractual rights to transfer capacity and energy between the Eastern Interconnection and the Western Interconnection at the Sidney Tie (45 MW east to west, 20 MW west to east), giving MEAN the capability to integrate its resources between the Eastern Interconnection and the Western Interconnection. MEAN also holds non-firm, transmission rights to optimize its power supply resource costs.

The following map shows the location of the Sidney tie and the division on the Sidney tie between the Eastern Interconnection and the Western Interconnection (as well as certain of MEAN's Participants located in this region).



Capacity Summary. MEAN adheres to a strategic and integrated resource plan that includes a variety of resources providing stable and economical power and energy to the Participants. MEAN has a policy in place which endeavors to have no more than 15% of MEAN’s capacity from a single generating unit. In the event that a generation unit does represent more than 15% of MEAN’s capacity, MEAN will investigate potential exchanges or insurance products to reduce the potential cost impacts and disruption of service that could be caused by a major unit outage.

The following table shows the amounts of energy obtained by MEAN from its principal power supply resources (in Gigawatt-hours and as percentages of MEAN’s total power supply), for the last five fiscal years of MEAN:

ENERGY SUPPLY FOR FISCAL YEAR ENDED MARCH 31

(GWH AND % OF TOTAL)⁽¹⁾

	2012		2011		2010		2009		2008	
RESOURCES OWNED										
Total Requirements Participants	2.1	0.1%	2.5	0.1%	1.9	0.0%	2.4	0.1%	4.7	0.2%
Black Hills	172.6	5.4%	150.7	4.7%	170.0	5.7%	25.9	0.9%	0.0	0.0%
Hastings ⁽²⁾	67.9	2.1%	66.7	2.1%	89.6	3.0%	97.0	3.2%	97.8	3.3%
Laramie River Station	211.0	6.6%	215.7	6.7%	200.6	6.7%	213.1	7.1%	209.4	7.2%
Louisa ⁽³⁾	57.6	1.8%	46.4	1.5%	9.8	0.3%	0.0	0.0%	0.0	0.0%
Walter Scott, Jr. Energy Center Unit 4 ⁽³⁾	409.1	12.7%	411.9	12.9%	432.1	14.4%	415.3	13.9%	352.2	12.0%
Whelan Energy Center Unit 2 ⁽⁴⁾	342.3	10.6%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind Project at Kimball	<u>29.0</u>	<u>0.9%</u>	<u>27.5</u>	<u>0.9%</u>	<u>26.4</u>	<u>0.9%</u>	<u>31.3</u>	<u>1.0%</u>	<u>29.9</u>	<u>1.0%</u>
Subtotal Owned Resources	<u>1291.6</u>	<u>40.2%</u>	<u>921.4</u>	<u>28.8%</u>	<u>930.4</u>	<u>31.0%</u>	<u>785.0</u>	<u>26.2%</u>	<u>694.0</u>	<u>23.7%</u>
RESOURCES PURCHASED										
Black Hills	248.9	7.7%	248.2	7.8%	160.7	5.4%	318.9	10.7%	369.9	12.7%
Louisa	0.0	0.0%	0.0	0.0%	0.0	0.0%	21.2	0.7%	7.7	0.3%
NPPD	401.0	12.4%	747.5	23.3%	736.2	24.6%	711.9	23.8%	824.6	28.2%
NPPD Ainsworth Wind Energy	23.4	0.7%	22.7	0.7%	20.6	0.7%	24.1	0.8%	20.4	0.7%
NPPD Elkhorn Ridge Wind	26.4	0.8%	21.5	0.7%	20.2	0.7%	0.9	0.0%	0.0	0.0%
NPPD Laredo Ridge Wind	34.7	1.1%	6.3	0.2%	0.0	0.0%	0.0	0.0%	0.0	0.0%
OPPD	11.6	0.3%	53.1	1.7%	47.8	1.6%	154.1	5.2%	208.6	7.1%
Platte River Power Authority	0.0	0.0%	79.7	2.5%	115.6	3.8%	101.0	3.4%	115.3	3.9%
WAPA	326.3	10.1%	233.8	7.3%	230.7	7.7%	225.6	7.5%	187.1	6.4%

ENERGY SUPPLY FOR FISCAL YEAR ENDED MARCH 31

(GWH AND % OF TOTAL) ⁽¹⁾

	2012		2011		2010		2009		2008	
RESOURCES PURCHASED										
Wessington Springs Wind	42.1	1.3%	38.6	1.2%	34.3	1.1%	3.7	0.1%	0.0	0.0%
Whelan Energy Center Unit 2 ⁽⁴⁾	64.2	2.0%								
Xcel	0.0	0.0%	0.0	0.0%	0.0	0.0%	63.0	2.1%	162.5	5.6%
All Others ⁽⁵⁾	<u>755.2</u>	<u>23.4%</u>	<u>830.0</u>	<u>25.9%</u>	<u>700.8</u>	<u>23.4%</u>	<u>582.6</u>	<u>19.5%</u>	<u>334.5</u>	<u>11.4%</u>
Subtotal Purchased Resources	<u>1,933.8</u>	<u>59.8%</u>	<u>2,281.4</u>	<u>71.2%</u>	<u>2,066.9</u>	<u>69.0%</u>	<u>2,207.0</u>	<u>73.8%</u>	<u>2,230.6</u>	<u>76.3%</u>
TOTAL	<u>3,225.4</u>	<u>100.0%</u>	<u>3,202.8</u>	<u>100.0%</u>	<u>2,997.3</u>	<u>100.0%</u>	<u>2,992.0</u>	<u>100.0%</u>	<u>2,924.6</u>	<u>100.0%</u>

(1) Net of energy swaps.

(2) Includes Whelan Energy Center Unit 1 ownership and Hastings Utilities system purchase.

(3) Includes Waverly, Iowa Assignment.

(4) Began commercial operation in May 2011.

(5) Includes economy and short term firm purchases.

The following table summarizes MEAN's power supply resources as of the date of this Official Statement:

<u>RESOURCE</u>	<u>CAPACITY AVAILABLE TO MEAN</u>	<u>PRIMARY ENERGY SOURCE</u>
Total Requirements Committed Facilities	132 MW	Oil/Gas
WAPA	123 MW	Hydroelectric
Whelan Energy Center Unit 2	80 MW	Coal
Walter Scott, Jr. Energy Center Unit 4	59 MW	Coal
NPPD System Participation	50 MW	Coal/Nuclear
Laramie River Station	28 MW	Coal
Wygen Unit I	20 MW	Coal
Neil Simpson Unit 2	15 MW	Coal
Whelan Energy Center Unit 2 ⁽¹⁾	15 MW	Coal
Wygen Unit III	15 MW	Coal
Kimball Wind Project	10.5 MW	Wind
Wessington Springs Wind	10 MW	Wind
Elkhorn Ridge Wind Plant	8 MW	Wind
Laredo Ridge Wind Project	8 MW	Wind
Louisa	8 MW	Coal
Ainsworth Wind Energy Facility	7 MW	Wind
Whelan Energy Center Unit 1	5 MW	Coal
Des Moines Landfill Gas Facility ⁽²⁾	4.8 MW	Landfill Gas
Crofton Bluffs Wind Project	4 MW	Wind

(1) Hastings transfer to MEAN.

(2) Projected to become online October 2013

Pooling Agreements. All of the Long-Term Total Requirements Participants and one of the eight Medium-Term Total Requirements Participants commit to MEAN all of the output of all existing generation facilities owned by them for the common benefit of the Total Requirements Participants, except the power and energy generated by the Ruedi and Maroon

Creek and Ridgway (projected to be online November 2013) hydroelectric plants owned by Aspen, Colorado. In addition, certain generation facilities of Waverly Light & Power, including a hydroelectric plant and three wind turbines, were not committed to MEAN. The aggregate capacity of the generating facilities that the Total Requirements Participants have committed to MEAN (the “*Committed Facilities*”) under the Pooling Agreements as of the date of this Official Statement is 132 MW, but is expected to decrease to approximately 96 MW beginning May 3, 2013 as a result of Reciprocating Internal Combustion Engines (“*RICE*”) rules. See “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA—Regulation—Environmental and Other”. All of the Committed Facilities are fueled by natural gas and/or fuel oil.

MEAN controls the dispatching of the electric power and energy generated by the Committed Facilities. Under the Pooling Agreements, each of these Total Requirements Participants is required, upon MEAN’s request, to supply to MEAN the total committed capacity of its Committed Facilities. Each such Total Requirements Participant is responsible for the fueling of its Committed Facilities and is required to maintain them in good operating condition. Scheduled outages must be coordinated with MEAN. Each Total Requirements Participant retains the right to retire its Committed Facilities from service.

The Committed Facilities are primarily electric generators that are located within the service areas of the Total Requirements Participants and are typically dispatched by MEAN for peaking needs. Aspen, Colorado’s two hydroelectric generators are not Committed Facilities under the Pooling Agreement but are part of Aspen’s overall resource mix and were an approved exception to the general rule of leasing all power production back to MEAN as part of the Long-Term Power Supply Contracts. This exception was approved by the Board of Directors as a condition of Aspen joining MEAN in 1984. MEAN schedules the power and energy generated by the two hydroelectric generators on behalf of Aspen as part of MEAN’s overall scheduling functions. The output of these two hydroelectric facilities was 0.7% of the total energy requirements of MEAN for the fiscal year ended March 31, 2012.

Western Area Power Administration. A significant portion of the Participants’ electric power and energy comes from the electric power and energy generated by WAPA, which has been and continues to be a low cost power and energy resource for the Participants. As a primarily hydroelectric-based resource, the amounts of WAPA power and energy available for purchase are subject to seasonal and annual hydrologic variations. However WAPA-UGP and WAPA-LAP (hereinafter defined) provide firm service.

Generally. WAPA is responsible for the marketing and transmission of federal power in 15 western and central states. WAPA’s 687 customers in this 1.3 million square mile area include cooperatives, federal and state agencies, municipalities, Native American tribes, public utility and irrigation districts and other energy service providers. WAPA annually markets and transmits over 10,000 MW of electric power generated by 56 hydropower plants operated by the United States Bureau of Reclamation, the Corps of Engineers, and the International Boundary and Water Commission. WAPA sells about 48.7% of the total regional hydropower generation. WAPA also markets 547 MW of power from the United States’ entitlement in the coal-fired Navajo Generating Station in northern Arizona. WAPA operates and maintains over 17,000 circuit miles of transmission lines, 321 substations, and other related electric facilities.

WAPA-Rocky Mountain Region (“WAPA-RMR”). Pursuant to the Agreements for Purchasing Agent Services (the “*Purchasing Agent Agreements*”) between MEAN and 21 Participants located in the Rocky Mountain Region Marketing Area (the “*RMR Participants*”), MEAN receives for the RMR Participants a firm allocation of WAPA capacity and energy that is purchased pursuant to Contract No. 481 for Firm Electric Service (“*Contract No. 481*”) between MEAN and WAPA, as amended from time to time. Under the Purchasing Agent Agreements, MEAN agrees to provide services with regard to firm electric service, scheduling and transmission of all monthly energy, support energy and pumped storage energy that the RMR Participants receive from WAPA. MEAN, as the agent, provides these services on a cost pass-through basis to the RMR Participants, but has no beneficial interest in the Participants’ power allocations as the power allocations are retained by the Participants, and the Participants are financially responsible for paying all costs associated with their power allocation(s). Such services accounted for 4% of MEAN’s operating revenues for fiscal year 2012. The Purchasing Agent Agreements have no effect on MEAN’s loads or resources but provide for optimal utilization of MEAN’s scheduling and support services.

Under Contract No. 481, 63.0 MW of capacity and 84,251 MWh of energy are allocated to the RMR Participants during the winter season (October through March), and 64.8 MW of capacity and 96,939 MWh of energy are allocated to the RMR Participants during the summer season (April through September). The amounts of capacity and energy purchased by MEAN for the RMR Participants under Contract No. 481 may be reduced by up to 1% beginning January 1, 2014 to provide increased resources for WAPA to sell to other eligible preference customers. MEAN is obligated to replace the reduced capacity and energy from WAPA-RMR with other power supply resources. Contract No. 481 currently extends through September 30, 2024.

WAPA-Upper Great Plains Marketing Area (“WAPA-UGPA”). Under the transmission service agreements between MEAN and the Participants in the WAPA Upper Great Plains Marketing Area (the “*UGP Participants*”), MEAN agrees to be the transmission agent for the UGP Participants and to provide transmission services for power and energy which the UGP Participants are entitled to receive from WAPA. This agreement continues until terminated by one year’s prior written notice by either party. No notices have been given at this time.

WAPA has allocated to the UGP Participants 19.7 MW of capacity and 53,707 MWh of energy during the winter season (October through March) and 24.4 MW of capacity and 55,355 MWh of energy during the summer season (April through September).

WAPA-Salt Lake City Area (“WAPA-SLCA”). Under the purchasing agent agreements between MEAN and the Participants in the WAPA-Salt Lake City Area (the “*SLCA Participants*”), MEAN agrees to be the transmission agent for the SLCA Participants and to provide transmission services for power and energy that the SLCA Participants are entitled to receive from WAPA and MEAN’s resources. This agreement terminates on September 30, 2024.

WAPA has allocated to the SLCA Participants 25.3 MW of capacity and 54,756 MWh of energy during the winter season (October through March) and 21.3 MW of capacity and 46,564 MWh of energy during the summer season (April through September).

MEAN has entered into Purchasing Agent Agreements with nine SLCA Participants. MEAN provides these services on a pass-through basis to the SLCA Participants, and such services accounted for 2% of MEAN's operating revenues for fiscal year 2012.

Rates. WAPA is obligated to review annually its rates for energy to ensure that such rates generate sufficient revenues to cover its operating and other expenses.

WAPA Capacity and Energy Displacement Agreement. Under Capacity and Energy Displacement Agreement No. 04-RMR-1489 dated as of October 1, 2004 (the "*WAPA Displacement Contract*") between MEAN and WAPA, MEAN receives power and energy generated by WAPA's Loveland Area Projects to serve MEAN's customers in the Western Interconnection. In exchange, WAPA receives power and energy generated or acquired by MEAN in the states of Kansas and Nebraska to serve WAPA's customers in Kansas and Nebraska. The WAPA Displacement Contract continues in effect through September 30, 2024.

Whelan Energy Center Unit 2. MEAN is a participant in the Public Power Generation Agency ("*PPGA*") which was created solely for the purpose of owning, financing, acquiring, constructing and operating the Whelan Energy Center Unit 2 ("*WEC2*"). WEC2 is a nominally rated 220 MW pulverized coal-fired steam electric generating facility and related electric interconnection, transmission, rail car storage, and other facilities located near Hastings, Nebraska which began commercial operation in May, 2011. The unit includes pollution control equipment, a cooling tower, water treatment facilities, material storage facilities, control and administrative buildings, and other ancillary facilities. The unit is connected to the regional transmission grid through a network of 115 kV transmission lines.

MEAN's entitlement share of WEC2 is 36.36% with approximately 80 MW of capacity and energy. Under its participation agreement with PPGA, MEAN has agreed to pay a corresponding percentage of all of PPGA's costs of owning and operating WEC2, including debt service on PPGA's bonds, regardless of MEAN's use of output from, or the operation of, WEC2. As of the date of this Official Statement, PPGA has approximately \$694.5 million of its Whelan Energy Center Unit 2 Revenue Bonds outstanding, with maturities from 2014 through 2041. Payments to PPGA pursuant to the participation agreement are included in MEAN's operating expenses. In addition to MEAN's entitlement share under its participation agreement with PPGA, Hastings Utilities has transferred to MEAN a portion of the capacity and energy from its entitlement share in WEC2 through 2018. The capacity quantities of the transfer are varying, starting at 15 MW in May, 2011 and ending at 2 MW in April, 2018.

Walter Scott, Jr. Energy Center Unit 4. MEAN entered into a Joint Ownership Agreement with MidAmerican Energy Company ("*MEC*") and other entities to develop, design, construct, own and operate WSEC4, a 790 net MW super-critical, coal-fired steam electric generating plant fueled with low-sulfur coal located near the city of Council Bluffs, Iowa which began commercial operation in June, 2007. MEC is the majority owner, developer and operator of WSEC4. MEAN originally owned an undivided 6.67% interest in WSEC4. In 2012, MEAN acquired an additional 0.25% interest in WSEC4, for a total undivided interest of 6.92%. In addition, Waverly Light & Power, the municipal utility of the City of Waverly, Iowa, granted MEAN a partial assignment of Waverly's interest in WSEC4. The assignment includes rights to receive 0.4% (approximately 3 MW) of the output from WSEC4 and continues through the term of Waverly's Long-Term Power Supply Contract.

MEAN's ownership interest and partial assignment of interest in WSEC4 provides MEAN with approximately 59 MW of capacity and energy, providing MEAN with a long-term, cost-based source of power and energy.

Nebraska Public Power District. MEAN and NPPD entered into a Multi-Unit Participation Agreement that became effective January 1, 2011 (the "*NPPD Agreement*"). Under the NPPD Agreement, NPPD provides MEAN with 50 MW of capacity and related energy. NPPD's obligation to deliver capacity and related energy to MEAN pursuant to the NPPD Agreement is contingent on availability and operation of NPPD's Gerald Gentleman Station Units No. 1 (12 MW) and No. 2 (12 MW) located near Sutherland, Nebraska, and NPPD's Cooper Nuclear Station (26 MW) located near Brownville, Nebraska. The NPPD Agreement is effective through December 31, 2023. In the event NPPD and MEAN participate in the same new baseload generation unit prior to December 31, 2023, MEAN shall have the right, but not the obligation, to terminate the NPPD Agreement upon the commercial operation of such unit.

Laramie River Station. In 1982, MEAN and Lincoln Electric System ("*LES*") entered into two agreements (the "*Laramie River Agreements*") which collectively provide for the sale to MEAN of a portion of LES's undivided interest in the Laramie River Electric Generating Station ("*Laramie River Station*") and an associated transmission system. Laramie River Station is a coal-fired steam-electric generating station that consists of three approximately 565 MW units. It is located in Platte County, Wyoming on the Laramie River and is owned by LES and five other utilities, as tenants in common. The three units of the Laramie River Station began commercial operation in 1980 and 1982. MEAN began making purchases of electric power and energy under its original agreement with LES on June 1, 1982.

The portion of LES' undivided interest that MEAN purchased is equal to 0.58% of the total capacity of Laramie River Station, or 9.84 MW. In 1986, MEAN purchased from LES an additional 1.09% interest in the total capacity of Laramie River Station, or approximately 18.5 MW, bringing MEAN's total interest in Laramie River Station to 1.67% or 28 MW.

MEAN pays to LES: (i) its proportionate share of operation and maintenance costs, capital improvements, repairs, administrative costs, and all other fixed costs relating to ownership interest in Laramie River Station; (ii) the costs related to the production of energy in proportion to the energy scheduled and produced from Laramie River Station for MEAN during each month; and (iii) any costs incurred by LES directly related to the scheduling and dispatching of MEAN's power and energy generated by Laramie River Station.

Under a Displacement Contract dated as of July 1, 1986 (the "*Displacement Contract*") between MEAN and Basin Electric Power Cooperative ("*BEPC*"), entered into in connection with MEAN's additional Laramie River Station participation, MEAN receives scheduling and delivery rights on the Western Interconnection (known as "*West Allotment*") in Laramie River Station's West Side units and delivery rights in the associated transmission system. MEAN's West Allotment entitles MEAN to schedule and deliver up to 8.3% of the LES entitlement of power and energy from Laramie River Station.

Wygen Unit I. In 2009, MEAN acquired an undivided 23.5% interest in the Wygen Unit I which provides MEAN approximately 20 MW of capacity and energy. The Wygen Unit I, located in Campbell County, Wyoming, approximately 4 miles east of Gillette, Wyoming, is an

approximately 85 MW coal-fired electric generating plant fueled with low-sulfur Powder River Basin Coal. Black Hills Wyoming, Inc. developed, designed, constructed and operates the Wygen Unit I, which began commercial operation in February 2003, and owns 76.5% of the Wygen Unit I.

Neil Simpson Unit 2 and Wygen Unit III. MEAN has entered into two Power Purchase Agreements with Black Hills Power, Inc. that became effective April 1, 2010. Under the first Power Purchase Agreement, Black Hills Power will provide MEAN with the capacity and related energy output in the following amounts:

Contract Year	Capacity (MW)
4/1/2010 – 5/31/2018	20 MW (10 – Wygen Unit III, 10 – Neil Simpson Unit 2)
6/1/2018 – 5/31/2020	15 MW (10 – Wygen Unit III, 5 – Neil Simpson Unit 2)
6/1/2020 – 5/31/2022	12 MW (6 – Wygen Unit III, 6 – Neil Simpson Unit 2)
6/1/2022 – 5/31/2023	10 MW (5 – Wygen Unit III, 5 – Neil Simpson Unit 2)

Under the second Power Purchase Agreement, Black Hills will provide MEAN with 10 MW of capacity and related energy output (5 MW contingent on Wygen Unit III and 5 MW contingent on Neil Simpson Unit 2) through March 31, 2015.

Wind Project at Kimball. MEAN owns and operates a 10.5 MW wind project consisting of seven turbines (the “Wind Project”) located near Kimball, Nebraska, which is rated a “Class 4” site with an average wind velocity of approximately 15.4 miles per hour. The Wind Project began commercial operation on October 1, 2002 and generates about 2% of Schedule M and K Participant energy requirements for fiscal year ending March 31, 2012. Forty-two Participants located in Colorado, Iowa, Nebraska and Wyoming signed contracts to purchase energy from the Wind Resource Pool, of which the Wind Project is a part.

Wessington Springs Wind Project. MEAN and Heartland Consumers Power District (“HCPD”) entered into an agreement for MEAN’s purchase of a portion of the output of the Wessington Springs Wind Project delivered to HCPD. The Wessington Springs Wind Project is a wind-generated electric facility near Wessington Springs, South Dakota. The project began commercial operation in February, 2009 and consists of 34 wind turbines rated at 1.5 MW each for a net generating capability of approximately 51.15 MW. Wessington Wind I, LLC owns and operates the Wessington Springs Wind Project. HCPD has contracted to purchase the output of the Wessington Springs Wind Project and is reselling 19.55% (10 MW) of the output to MEAN under the agreement, which expires 20 years after the commercial operation date of the Wessington Springs Wind Project. The energy is used to serve MEAN’s Eastern Interconnect Participants.

NPPD Elkhorn Ridge Wind Plant. MEAN entered into a long-term purchase power agreement with NPPD for 10.0% of the Elkhorn Ridge Wind project, or approximately 8 MW of 80 MW nameplate capacity. The transaction is for 20 years, beginning with the commercial operation date of the project, which was March, 2009. The wind turbine generators each have a

capacity of 3.0 MW. The general project area was identified as low cost to add wind generation to the NPPD transmission system. MEAN uses the resource as a network resource on SPP's transmission system to deliver energy to MEAN members.

NPPD Laredo Ridge Wind Project. MEAN entered into a long-term purchase power agreement with NPPD for 10.0% of the Laredo Ridge Wind project, or approximately 8 MW of 80 MW nameplate capacity. The transaction is for 20 years, beginning with the commercial operation date of the project, which was February, 2011. The wind turbine generators each have a capacity of 1.5 MW. MEAN uses the resource as a network resource on SPP's transmission system to deliver energy to MEAN members.

Louisa Generating Station. MEAN purchases from Waverly Light & Power, a municipal utility of the City of Waverly, Iowa, the power and energy associated with Waverly's interest in the Louisa Generating Station, a coal-fired generating unit which began commercial operation in October 1983. The power sales agreement includes rights to receive 1.1% or approximately 8 MW of the output from the Louisa Generating Station and continues for the term of Waverly's Long-Term Power Supply Contract.

NPPD Ainsworth Wind Energy Facility. MEAN has entered into a long-term participation agreement with NPPD for 11.78% of the output of the Ainsworth Wind Energy Facility, or approximately 7 MW of 60 MW nameplate capacity. The transaction is for 20 years, beginning with the commercial operation date of the project, which was October, 2005. The Participation Power Agreement may be extended after the initial 20-year term at MEAN's option in contract terms of 5 years each or until the end of the operational life of the facility. The wind turbine generators each have a capacity of 1.65 MW. The general project area was identified as low cost to add wind generation to the NPPD transmission system. MEAN uses the resource as a network resource on SPP's transmission system to deliver energy to MEAN members.

Whelan Energy Center Unit 1. Pursuant to the Participation Power Sales Agreement between MEAN and the City of Hastings, Nebraska (the "*WEC Agreement*"), MEAN purchases 6.95%, or approximately 5.3 MW, of the electric power and energy generated by Whelan Energy Center Unit 1, a 77 MW coal-fired steam electric generating station operated by Hastings and located in Adams County, Nebraska (the "*Whelan Energy Center*").

Under the WEC Agreement, MEAN is required to pay its proportionate share, based on the percentage of electric generating capacity purchased by MEAN, of (i) the debt service on indebtedness incurred by Hastings to pay the cost of the Whelan Energy Center and associated transmission and transformation facilities and initial inventories; (ii) capital improvements and additions thereto (including debt service on indebtedness issued therefor); (iii) costs of administration; and (iv) other fixed costs and uninsured costs incurred for the prevention or correction of loss or damage. MEAN's monthly share of energy-related costs, including fuel and operation and maintenance expenses, is based upon the energy delivered to MEAN during the month.

The WEC Agreement terminates on the later of the date of (i) the final maturity of the indebtedness incurred by Hastings to pay the costs of the Whelan Energy Center or capital additions thereto, which date is now January 1, 2019, or (ii) the date Hastings removes the Whelan Energy Center and/or its associated transmission system from commercial operation.

Waste Management Des Moines Landfill Gas Facility. MEAN has entered into a long-term Power Purchase Agreement with Waste Management for the output of the facility, which has three 1.6 MW generators for a 4.8 MW total nameplate capacity. The capacity factor for the project is estimated to be 83%. The transaction is for 20 years, beginning with the commercial operation date of the project, which is projected to be October, 2013.

NPPD Crofton Bluffs Wind Project. MEAN entered into a long-term purchase power agreement with NPPD for 10.0% of the Crofton Bluffs Wind project, or approximately 4 MW of 40 MW nameplate capacity. This agreement is effective for 10 years after November 2011, the commercial operation date of the project. The facility consists of wind turbine generators, two with 3.0 MW capacity each and 20 with 1.8 MW capacity each. MEAN uses the resource as a network resource on SPP's transmission system to deliver energy to MEAN members.

FUTURE POWER SUPPLY RESOURCES

MEAN utilizes a combination of short-term purchases and medium-to-long-term resources with sufficient capability to meet MEAN's load and reserve obligations. MEAN is evaluating other resource options to meet its needs beyond that time. In addition, MEAN has implemented a comprehensive integrated resource planning strategy with its Participants designed to minimize peak load growth through peak load control and to conserve energy and improve efficiency of energy use at the retail customer level, the municipal utility level, and the generation and transmission level.

TRANSMISSION

The transmission needs of MEAN and the Total Requirements Participants are primarily served by ten transmission providers: Black Hills Common Use System ("*BHCUS*"), Colorado Springs Utilities ("*CSU*"), Corn Belt Power Cooperative ("*Corn Belt*"), MISO, NPPD, Public Service Company of Colorado ("*PSCo*"), SPP, Tri-State Generation & Transmission Association, Inc. ("*Tri-State*"), WAPA-RMR, and WAPA-SLCA.

BHCUS. Network transmission service from BHCUS is purchased by one Participant, Gillette, Wyoming. MEAN also has several agreements with Black Hills which provide for firm point-to-point transmission service and non-firm point-to-point transmission service for use in making deliveries to Participant loads as well as capacity and energy sales to other regional utilities. The agreements have varying expiration dates, and have rollover provisions to optimize future resource arrangements.

CSU. MEAN purchases network integration transmission service from CSU for service to one Total Requirements Participant in Colorado: the City of Fountain. The Agreement provides for deliveries of power and energy from MEAN and WAPA to the city. This agreement terminates on September 30, 2024, which is concurrent with the expiration date of Fountain's WAPA-LAP Firm Electric Service Agreement.

Corn Belt. MEAN purchases firm point-to-point transmission service from Corn Belt service to one Total Requirements Participant in Iowa: the City of Rockford. Rockford is located in the Corn Belt/WAPA control area which did not integrate into MISO. The Agreement

provides for deliveries of power and energy from MEAN to the city. This agreement terminates on July 31, 2017.

MISO. Each Participant served in the MISO market is served under a network integration transmission service agreement (“*NITS*”) between MISO and MEAN. Under the *NITS*, MISO agrees to provide network firm transmission service to the Participant for the purpose of serving that Participant’s load interconnected to the MEC transmission system. The *NITS* also makes available firm point-to-point transmission service and non-firm point-to-point transmission service for use in making capacity and energy sales to other regional utilities. The agreements are valid as long as MEAN continues to be the power supplier for the load in the MISO market.

NPPD. Under the Transmission Service Agreement (TSA) between NPPD and MEAN (the “*NPPD TSA*”), NPPD agrees to provide transmission services required by MEAN for deliveries to Participant loads served from NPPD’s Transmission System. The *NPPD TSA* also makes available firm point-to-point transmission service and non-firm point-to-point transmission service for use in making capacity and energy sales to other regional utilities. The agreement continues through the later of December 31, 2015 or Open Access Same-time Information System (“*OASIS*”) transmission service requests.

PSCo. MEAN purchases network integration transmission service from PSCo for service to two Total Requirements Participants in Colorado: Aspen and Glenwood Springs. The agreement between MEAN and PSCo (the “*PSCo TSA*”) provides for deliveries of power and energy from MEAN, Aspen’s Ruedi hydro plant and WAPA. The *PSCo TSA* also makes available firm point-to-point transmission service and non-firm point-to-point transmission service for use in making capacity and energy sales to other regional utilities. This agreement terminates on December 31, 2019.

SPP. Each Participant served in the SPP market is served under a *NITS* between SPP and MEAN. Under the *NITS*, SPP agrees to provide network firm transmission service to the Participant for the purpose of serving that Participant’s load. MEAN also has agreements with SPP for firm point to point transmission service and non-firm point to point transmission service for use in making capacity and energy sales to other regional utilities. The agreements contain rollover provisions to extend service as long as MEAN continues to be the power supplier for the load in the SPP market.

MEAN has entered into a settlement agreement with SPP relating to allegations of MEAN’s improper use of network integration transmission service from SPP during the period from February 1, 2010 through January 31, 2012. See “*LITIGATION-SPP Settlement Agreement*” included elsewhere in this Official Statement.

Tri-State. MEAN purchases transmission from Tri-State under its Open Access Transmission Tariff. This transmission service is used to deliver power and energy to the cities of Sidney, Nebraska and Delta, Colorado.

WAPA-RMR. WAPA-RMR provides network integration transmission service to Participants connected to the WAPA-RMR transmission system under Contract Number 08-RMR-1811 (“*WAPA-RMR TSA*”). WAPA-RMR provides this service to MEAN under a

transmission tariff that is not subject to FERC jurisdiction. Three Participants are interconnected to the portion of the WAPA-RMR system located in the Eastern Interconnection, and 14 Participants are interconnected to the portion of the WAPA-RMR system located in the Western Interconnection. The agreement continues through December 31, 2018.

The WAPA-RMR TSA allows MEAN to designate multiple network resources, located both in the Eastern and Western Interconnections, to serve the requirements of the Participants. The Agreement also specifically provides 35 MW of rights on the Sidney Tie to serve Western Interconnection Participants on the WAPA-RMR system from designated Eastern Interconnection resources, and 15 MW of rights on the Sidney Tie to serve Eastern Interconnection Participants from designated Western Interconnection resources.

WAPA-SLCA. WAPA-SLCA provides network integration transmission service and non-firm transmission service on the Salt Lake City Area Integrated Projects Transmission System for delivery of supplemental power and energy to the city of Gunnison, Colorado and the town of Oak Creek, Colorado, both Long-Term Total Requirements Participants. This contract terminates on September 30, 2022.

In addition to the above-described transmission agreements, MEAN purchases point to point transmission from OPPD under its Open Access Transmission Tariff to deliver power and energy to two Service Power Participants in Nebraska: Nebraska City and Falls City. MEAN also owns proportionate transmission rights in the transmission facilities associated with the Laramie River Station, WSEC4, and WEC2 pursuant to the Laramie River Agreements, WSEC4 Agreements, and the WEC2 Agreement, respectively.

MEAN is also a party to two regional tariffs on the Eastern Interconnection. MEAN is a signatory to the Midwest Independent Transmission System Operator, Inc. tariff, which provides service over a broad portion of the Midwest. MEAN is also able to use the Southwest Power Pool tariff, which provides service over a number of utilities located in Nebraska, Kansas, Oklahoma, Texas, Missouri, Arkansas and Louisiana.

OFF-SYSTEM POWER SALES

MEAN has entered into a medium term, unit-contingent power sales agreement with Basin Electric Power Cooperative (“*BEPC*”) for 30 MW of capacity and related energy. The agreement took effect May 1, 2007 and will end April 30, 2014. The agreement includes a capacity component paid each month regardless of the energy delivered. The delivery of energy is contingent on the operation of Walter Scott, Jr. Energy Center Unit 4 (“*WSEC4*”) and the Cooper Nuclear Station (“*CNS*”), a component of MEAN’s purchase from NPPD which has the same expiration date as the BEPC agreement. The sale of energy to BEPC can be curtailed at any time that the output from either unit is limited or off line for any reason. The sale of energy to BEPC can also be curtailed if MEAN has lost more than 30% of its other system resources (excluding WSEC4 and CNS) due to force majeure reasons as well. The revenues from this sale account for about 6.1% of MEAN’s electric energy sales revenues during the fiscal year ended March 31, 2012.

INTERCHANGE AND RESERVE SHARING AGREEMENTS

North American Energy Markets Association. MEAN participates in the North American Energy Markets Association (“NAEMA”). NAEMA is an independent, nonprofit trade association representing entities involved in the buying and selling (marketing) of energy or in providing services to the energy industry. Members work together to promote an informed, efficient and open energy marketplace throughout North America. NAEMA has over 130 members with operations in 48 states and Canada. NAEMA members own and operate 500,000 MW of generating capacity and power and energy. Additional information on NAEMA and its members can be obtained at NAEMA’s internet site: www.naema.com.

Western Systems Power Pool. MEAN participates in the Western Systems Power Pool (“WSPP”) under the provisions of the WSPP Agreement (the “WSPP Agreement”). WSPP consists of more than 220 members. The WSPP Agreement provides for the wholesale exchange of power and energy among WSPP members and is the most commonly used standardized power supply contract in the electric industry. Under the WSPP Agreement, members of WSPP can contract with each other for the purchase and sale of both firm and non-firm power and energy and physical options. Additional information on WSPP and its members can be obtained at WSPP’s internet site: www.wspp.org.

Rocky Mountain Reserve Group. MEAN is a member of the Rocky Mountain Reserve Group (“RMRG”), the primary purpose of which is to provide reserve sharing among the members of RMRG at a lower cost and to enhance regional reliability. There are presently 10 members in RMRG including investor-owned utilities, generation and transmission cooperatives, joint action agencies, municipal systems, and WAPA. They are interconnected by an extensive network of high voltage transmission facilities in a six state area of the western interconnect. The RMRG agreement contains specific operating guidelines and reserve obligations for all members. Each member can also call upon other members for outage and emergency assistance.

REGULATION

Rates. The authority of MEAN to determine, fix, impose and collect rates and charges for electric power and energy sold and delivered is not subject to the regulatory jurisdiction of any governmental authority or agency, local, state or federal.

Issuance of Securities. MEAN is not required to obtain the approval or consent of any other governmental authority, state or federal, prior to the issuance of its bonds, notes or other evidences of indebtedness.

Power Projects. Under Nebraska law, before any electric generation facility or any transmission line or related facility carrying more than 700 volts is constructed or acquired by MEAN, an application must be filed with the Nebraska Power Review Board (the “NPRB”) and approval of the NPRB must be obtained, with certain exceptions. In granting approval, the NPRB must determine that the proposed construction or acquisition will serve the public’s convenience and necessity, and that the power supplier can most economically and feasibly supply the electric service resulting from the proposed construction or acquisition without unnecessary duplication of generating and transmission facilities or operations.

Environmental and Other. MEAN is subject to environmental and other regulations, in varying degrees, at federal, state and local levels particularly with respect to operating power resources from which MEAN has financial obligations for electric capacity and energy. While final rules have been issued by the Environmental Protection Agency (the “*EPA*”) for Reciprocating Internal Combustion Engines (“*RICE*”), and the Maximum Achievable Control Technology (or the Mercury and Air Toxics Standards (“*MACT*”), many more regulations are being proposed by EPA such as those relating to Cooling Water Structures. Many of the final rules do not take effect immediately and are phased in over a number of years. Such final rules may be revised by the EPA in the future, and are also subject to legal challenge in judicial proceedings, the results of which may affect the substance and application of such final rules. See “INVESTMENT CONSIDERATIONS—CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” included elsewhere in this Official Statement. MEAN is unable to predict the ultimate impact of environmental and other regulations, but it expects to meet the electrical needs of its Participants and remain in compliance with all applicable environmental regulations. Market opportunities for excess emission credits from optimized operations of newer facilities and the shutdown of facilities in the SPP and MISO market footprint can also offset new environmental regulation costs at the facility level.

While EPA’s rule making process and stringent standards add cost to MEAN’s plants, particularly in Nebraska and Iowa, MEAN has taken several steps to mitigate such impacts. In addition to 52 MW of renewable resources and 26 MW of nuclear capacity, MEAN has added approximately 159 MW of state of the art coal facilities in the form of 59 MW of WSEC4, 80 MW of WEC2, and 20 MW of Wygen Unit I. This ownership diversity and multiple purchase power agreements from other baseload facilities provides access to many knowledgeable utility staff all optimizing facilities to meet new operating permits, proposed regulations, and develop strategies for upcoming enforcement of recently issued environmental regulations.

Beginning May 3, 2013, RICE and MACT regulations will impact the Total Requirements Participants leasing generation to MEAN (the “*Generating Participants*”). MEAN has opportunities to address the loss of capacity, including 30 MW that will be available to MEAN after the expiration of the power sales agreement with BEPC in May 2014. Additional capacity leasing opportunities exist resulting from Bulk Participant capacity planned retrofits. MEAN has provided information regarding the MACT regulations to its Generating Participants and will assist them in evaluating the most appropriate response to such regulations. MEAN plans to utilize short-term capacity leasing or capacity market purchases until long-term ownership or participation opportunities in intermediate and/or peaking resources become available to aid MEAN’s ability to meet its Participants’ electrical needs.

RETAIL COMPETITION—DEREGULATION

There has been no legislative action to implement retail competition in Nebraska or Colorado. As discussed below, both states have studied the issue and have decided to maintain existing laws. Because the Total Requirements Participants operate in “certificated service territories” they are not subject to direct customer-to-customer competition for distribution service. In both Nebraska and Colorado, municipalities have the right to integrate into their service territories all customers within the city limits. See “THE PARTICIPANTS – Service Areas.”

Deregulation in Nebraska. Based in part on recommendations made in an industry group study, Legislative Bill 901 (“*LB 901*”) of the Ninety-Sixth Legislature of the State of Nebraska (2000 Regular Session) was adopted. *LB 901* states that it is the policy of the State of Nebraska to prepare for an evolving retail electricity market if certain conditions are met that indicate that retail competition is in the best interest of the citizens of Nebraska. Although *LB 901* does not enumerate such conditions, the above-described industry group study identified the following conditions: (i) the existence of a viable regional transmission organization; (ii) the existence of adequate transmission facilities; (iii) the existence of a viable electricity market; (iv) the unbundling of retail rates in Nebraska; and (v) a comparison of wholesale electricity prices in Nebraska with those in the region.

As of summer 2011, according to the *LB 901* study, Nebraska wholesale rates are much lower than the regional average.

Deregulation in Colorado and Iowa. Within the past 15 years Colorado and Iowa both studied and discussed deregulating power. In 1998 the Colorado Electric Advisory Panel wrote a report which still guides Colorado and no restructuring activity has occurred since then. In early 2000 several large investor-owned Iowa utilities pushed hard for electric industry restructuring in the state. Despite that activity, no consensus on many of the restructuring issues involved was ever reached in Iowa. Policy makers in both states have indicated that neither Iowa nor Colorado is ready for competitive retail electric systems.

WHOLESALE COMPETITION

Nebraska. MEAN’s rates are generally competitive with or lower than other wholesale electric service providers in Nebraska. In addition, MEAN’s rates have been stable over a long period of time and MEAN provides a variety of energy-related services. See “FINANCIAL AND OPERATING INFORMATION – Power Supply Rates” below. In recent years, MEAN has been able to renew Power Supply Contracts with existing Participants and enter into several Power Supply Contracts with new Participants even though MEAN has faced competition from other wholesale electric service providers in Nebraska.

Colorado. In recent years, there have been fewer electric utilities offering long-term power supply contracts to municipalities in Colorado. MEAN’s Service Schedule M and Service Schedule K rates are generally below market prices on the Western Interconnection and below the incremental cost of acquiring or constructing new capacity and energy. As a result, MEAN’s rates remain competitive among utilities in the region and lower than most utilities nationally.

Iowa. In recent years, there have been few electric utilities offering long-term power supply contracts to municipalities in Iowa. MEAN's primary competition in Iowa is with MEC. MEAN's Service Schedule M and Service Schedule K rates are generally below the market prices being proposed by MEC or any other Iowa wholesaler. In many cases, availability of firm transmission across the MEC transmission network is a major threshold of market entry into the Iowa wholesale market. MEAN has resources located in Iowa as well as other resources located very near the MEC transmission network that continue to allow MEAN to serve these loads. As noted above, MEAN's rates remain competitive among utilities in the region and lower than most utilities nationally.

Wyoming. The state of Wyoming has several power supply options for municipal entities. These include Tri State G&T ("*TSGT*"), a regional REA supplier, Black Hills Power, and PacifiCorp. MEAN's rates compare very favorably with TGST rates based on MEAN's diverse resources and load characteristics. MEAN prepared a comparison of power costs showing that in 2012, the MEAN Schedule M rates were estimated to be 45-65% lower than other rates available to the Participants served by MEAN in Wyoming. Competition with Black Hills and PacifiCorp typically occurs in areas located within such firms' transmission footprints. There are very few public power municipalities within these transmission networks and thus very little load for which MEAN can compete. The power supply arrangement between MEAN and Black Hills with respect to the City of Gillette, Wyoming is discussed under "MEDIUM-TERM TOTAL REQUIREMENTS PARTICIPANTS."

NEBRASKA POWER REVIEW BOARD

The NPRB is an independent state board created to facilitate the state policy of providing citizens of Nebraska with adequate, inexpensive electric service, consistent with sound business practices. The NPRB seeks to further such policy through the avoidance and elimination of (i) conflict and competition between suppliers of electricity and (ii) duplication of facilities and resources. Under certain circumstances the NPRB may render advisory opinions concerning wholesale rate disputes which are not binding on the parties. In the exercise of its duties, the NPRB is authorized to hold hearings and promulgate orders which have the force of law. Funding for the NPRB is provided through annual assessments levied against public utilities, including MEAN.

MEAN must seek NPRB approval for the acquisition and/or construction of generating facilities and certain transmission facilities in Nebraska.

NEBRASKA POWER ASSOCIATION

MEAN participates in a statewide joint-planning effort through the Nebraska Power Association ("*NPA*"). NPA is a voluntary organization made up of municipal utilities and rural public power districts in Nebraska, including MEAN, LES, NPPD and OPPD. Utilities in NPA jointly plan long-term power supply facilities to meet the electric power needs of public utilities in the State of Nebraska. In addition, NPA provides power supply planning and information on energy matters and legislation affecting electric utilities. NPA also provides a venue for cooperation and the settlement of disputes among its members.

TAXATION

The Act provides that the property and income of MEAN is exempt from all taxes of the State of Nebraska or any municipality or other political subdivision thereof and all special assessments of any Member of MEAN.

FINANCIAL AND OPERATING INFORMATION

The following table shows MEAN's total electric energy sales to Participants and others for each of the past five fiscal years, together with MEAN's coincident peak demand for each of these years:

	ENERGY SALES (MWh)				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Participant Electric Energy Sales	2,554,513	2,562,983	2,431,693	2,534,818	2,497,247
Other Electric Energy Sales	<u>727,304</u>	<u>582,545</u>	<u>572,028</u>	<u>574,328</u>	<u>646,305</u>
TOTAL	<u>3,281,817</u>	<u>3,145,528</u>	<u>3,003,721</u>	<u>3,109,146</u>	<u>3,143,552</u>
COINCIDENT PEAK DEMAND (MW)	520	512	492	492	497

BUDGETARY PROCESS—RATE STABILIZATION

MEAN adopts an annual budget (the “*Annual Budget*”) for each fiscal year pursuant to the provisions of the Resolution and the financial and operating policies and guidelines established by the Board of Directors. The Resolution requires MEAN to adopt and file with the Trustee an Annual Budget that sets forth the estimated Revenues and Operating Expenses for each fiscal year, together with the amount required to be deposited into each fund or account established by the Resolution for the payment of debt service and all other expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Annual Budget” above.

MEAN's financial and operating policies provide additional details for the Annual Budget, including maintaining adequate liquidity for MEAN's operations, the funding of the Rate Stabilization Account established by the Resolution, and other matters. The revenue requirement shown in each Annual Budget provides the basis for the rates that MEAN charges the Participants for the power supply, transmission, and related services provided under the Power Supply Contracts.

The Resolution requires MEAN to establish and collect rates and charges under the Power Supply Contracts that will produce Net Revenues sufficient, together with other available moneys, to enable MEAN to comply with all of its covenants and obligations under the Resolution. MEAN has covenanted in the Resolution to review and revise, if necessary, such rates and charges at least annually and promptly after any material change in the circumstances contemplated at the time of the most recent rate review. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Rate Covenant.”

The Board of Directors sets the rates for services under the Long-Term Power Supply Contracts. The Management Committee sets charges for all other Pooling Agreement service schedules. The Board of Directors, however, establishes the total amount of revenues to be received from such other service schedules.

As a general matter, rates are established each year at a level estimated to be sufficient to generate operating revenues which will be sufficient, together with other revenues of MEAN, to pay operating expenses, debt service and other expenses of MEAN payable from revenues and to maintain a level of liquidity sufficient to meet MEAN's ongoing working capital requirements. The capacity and energy rates charged to the Total Requirements Participants are determined after all other sources of Revenues have been budgeted to ensure that MEAN's annual revenue requirement is met.

Consistent with the Resolution and under MEAN's policy of maintaining adequate liquidity amounts, the Annual Budget may provide for the transfer of a portion of available surplus moneys to supplement operating revenues, including amounts held in the Rate Stabilization Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Stabilization Account." Such transfers enable MEAN and its Long-Term Total Requirements Participants to maintain stable wholesale and retail rates, respectively, while meeting their respective obligations under the Resolution and the Long-Term Power Supply Contracts. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS" below.

In furtherance of MEAN's efforts to promote long-term rate stability to its Participants, each Annual Budget also includes five-year projections of MEAN's load requirements, operating expenses and rates to Participants. These projections are used in MEAN's power supply and resource planning, in building reserves and in establishing billing practices in anticipation of future costs and requirements.

FINANCIAL AND OPERATING POLICIES

MEAN has developed and follows a comprehensive set of financial and operating policies and guidelines. These policies and guidelines are intended to promote the achievement of MEAN's organizational purposes and to manage the risks associated with MEAN's operations.

The financial policies, adopted by the Board of Directors in August 2003 and most recently revised in May 2012, state that it is MEAN's goal to achieve an annual debt service coverage ratio of at least 1.2. The financial policies provide for the maintenance of adequate liquidity to fund normal operations and to provide for extraordinary expenses. The Rate Stabilization Account established by the Resolution is to be used to stabilize future rates while enabling MEAN to maintain the required debt service coverage in the event of future revenue shortfalls or unexpected increases in expenses. Future transfers to the Rate Stabilization Account are to be made at the direction of the Board of Directors out of operating surpluses in future years. MEAN's goal is to accumulate an amount equal to 15% of annual operating expenses in the Rate Stabilization Account.

MEAN's financial policies also include directions on the investments of funds that seek first to achieve safety of principal and the necessary liquidity for MEAN's operations and then to

achieve investment returns. The policies also provide for active management of MEAN's debt structure and limitations on the amount of MEAN's variable rate indebtedness. Under the policies, MEAN is allowed to enter into hedging transactions for the purpose of managing the risks associated with the energy and financial markets. MEAN's policies include provisions for evaluating and reviewing the creditworthiness of counterparties to all purchase and sale transactions entered into by MEAN.

MEAN's operating policies include a focus on long-term resource planning to match member requirements with an emphasis on reliable resources that promote long-term price stability. The operating policies also include the maintenance of adequate generation reserve margins and interconnection and transmission arrangements to meet MEAN's requirements. The operating policies also include procedures for and limitations on the energy trading activities of MEAN's professional staff.

To date, MEAN has not entered into any interest rate swaps or any other type of hedging agreements.

MEAN's financial and operating policies and guidelines are subject to annual review and revision by its Board of Directors.

OPERATING RESULTS AND DEBT SERVICE COVERAGE

The following table presents certain audited operating results and debt service coverage information regarding the Power Supply System.

OPERATING RESULTS AND DEBT SERVICE COVERAGE

	FISCAL YEAR ENDED MARCH 31,				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total operating revenues	\$162,676,643	\$145,017,779	\$131,667,863	\$145,450,622	\$138,782,745
Total operating expenses	<u>158,746,830</u>	<u>141,988,429</u>	<u>128,672,917</u>	<u>143,245,239</u>	<u>138,442,655</u>
Net operating results	3,929,813	3,029,350	2,994,946	2,205,383	340,090
Depreciation and amortization	7,752,492	7,619,526	7,152,233	6,019,413	5,016,376
Non-operating adjustments	-	6,705,544	3,615,239	2,044,564	287,628
Investment return	<u>796,524</u>	<u>961,311</u>	<u>806,376</u>	<u>1,162,518</u>	<u>2,445,336</u>
Net revenues available for debt service	<u>\$12,478,829</u>	<u>\$18,315,731</u>	<u>\$14,568,794</u>	<u>\$11,431,878</u>	<u>\$8,089,430</u>
Debt service	<u>\$8,723,895</u>	<u>\$11,863,569</u>	<u>\$11,862,244</u>	<u>\$8,110,131</u>	<u>\$6,809,846</u>
Debt service coverage	<u>1.43</u>	<u>1.54</u>	<u>1.23</u>	<u>1.41</u>	<u>1.19</u>
Total assets	<u>\$253,943,907</u>	<u>\$265,644,158</u>	<u>\$259,568,836</u>	<u>\$255,388,475</u>	<u>\$198,962,397</u>
Cash and investments - unrestricted	<u>\$31,751,319</u>	<u>\$54,658,585</u>	<u>\$45,966,742</u>	<u>\$45,945,453</u>	<u>\$42,352,813</u>

Source: Derived from MEAN's annual financial statements for the years shown.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS

Operating Goals. For each year of operations, MEAN's goals are to maintain stable rates to its Participants, provide all-requirements and other electric services to the Participants at the lowest possible cost, and meet the debt service coverage and other covenants contained in the Resolution. In accordance with the Resolution, MEAN establishes rates and charges for the electric services it provides to the Participants which, together with other revenues, are reasonably expected to pay its actual operating costs (not including depreciation and amortization) and result in net revenues equal to at least 100% of its current debt service requirements. MEAN's rates and charges include a demand charge that is calculated to recover all of the fixed costs of the Power Supply System, including debt service, and an energy charge that recovers the variable costs of producing and purchasing energy for resale to the Participants.

Participant Energy Sales. Revenues from electric energy sales to Participants have steadily increased over the past five fiscal years from \$107.6 million for the fiscal year ended March 31, 2008 ("*fiscal 2008*") to \$131.4 million for the fiscal year ended March 31, 2012 ("*fiscal 2012*"). Electric energy sales to Participants accounted for 78% and 81% of total operating revenues in fiscal 2008 and fiscal 2012, respectively.

Fiscal Years 2008 through 2012. MEAN has experienced relatively stable market conditions. Yearly revenue growth has been achieved by an increase in Participants (66 in 2008 to 68 in 2012), Participant load growth, and energy sales to non-Participants as excess energy was available.

Beginning in 2008, MEAN elected to defer certain depreciation and financing costs related to its investment in WSEC4. MEAN also defers certain depreciation and financing costs related to MEAN's interest in Wygen Unit I. As prescribed by the Board of Directors, MEAN's rates are designed to provide full recovery of all project costs over the life of the project. In accordance with Financial Accounting Standards Board Accounting Standards Codification 980, *Regulated Operations*, certain expense items which would be recognized during the current period are deferred and not included in the determination of net income until such costs are recoverable.

Fiscal Year 2013. During Fiscal Year 2013, MEAN completed construction, including equipment and furnishing, of an operations and management facility in Lincoln, Nebraska.

Operating revenues of \$118.9 million for the nine months ended December 31, 2012 are consistent with budgeted operating revenues. This is a decrease of \$3.8 million compared to the nine months ended December 31, 2011. The decrease resulted primarily from decreased sales to Service Schedule Participants and non-members. Power costs decreased \$3.3 million, to \$105.6 million, due primarily to declining market prices for energy purchases.

For the nine months ended December 31, 2012, MEAN's income from operations totals \$3.4 million. MEAN's net nonoperating expenses total \$5.2 million resulting in a net decrease in net assets through December 31, 2012 of \$1.8 million.

Generating Resources. As part of a long-term strategy, MEAN has invested in environmental regulation compliant base load generating resources expected to provide highly reliable base load generation for the Participants' present and future energy requirements. Wygen Unit I is a base load coal fired steam unit located near Gillette, Wyoming. The unit provides stable base load capacity and energy to MEAN from a modern generating station with a state of the art emission control system. Upon commercial operation in 2007, WSEC4 enabled MEAN to substantially reduce the market purchases of energy required to meet the Participants' energy requirements. In May 2011, WEC2 began commercial operation as a 220 MW rated facility. WEC2 was constructed to provide a hedge against market purchases based on marginal generation from high natural gas prices. Low natural gas prices and effects of wind generation offers into the RTO markets have kept WSEC4 and WEC2 at minimum generation periodically despite low incremental costs of production. These units have shown flexibility in low priced markets by reaching 50% of full capacity, and the ability to take extended outages beyond the maintenance outage for economic reasons. MEAN believes the boiler design for WSEC4 and WEC2 is highly reliable resulting in high operating efficiency and state of the art environmental compliance. As cost-based resources, MEAN believes WSEC4 and WEC2 produce energy at relatively level prices and enhance MEAN's ability to provide long-term price stability to its Participants.

Forward-Looking Statements and Associated Risks. The operating results of MEAN discussed in this Official Statement reflect past operations and are not necessarily indicative of results of operations for any future period. Future operations will be affected by factors relating to changes in rates, fuel and other operating costs, environmental regulations, population and economic growth of the Participants, weather and other matters, the nature of which cannot be determined at the present time. In addition, operating revenues and expenses may fluctuate from year to year, based on power and energy requirements provided by MEAN to its Participants, among other factors. See "FORWARD-LOOKING STATEMENTS" and "INVESTMENT CONSIDERATIONS" included elsewhere in this Official Statement.

FIVE-YEAR FINANCIAL STATEMENT SUMMARY

The following tables summarize the balance sheets and statements of revenues and expenses for MEAN's last five fiscal years.

BALANCE SHEETS					
FISCAL YEAR ENDED MARCH 31,					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$10,441,506	\$23,701,330	\$13,348,742	\$27,481,231	\$9,391,455
Short term investments	6,572,869	13,589,235	12,313,000	12,773,222	15,638,655
Restricted investments	-	-	-	-	10,223,039
Accounts receivable	14,407,679	14,941,960	16,953,574	12,914,971	13,800,814
Prepaid expenses and other	357,132	333,124	438,752	258,216	214,194
Productive capacity operating assets	<u>6,294,624</u>	<u>5,101,912</u>	<u>5,556,613</u>	<u>4,938,424</u>	<u>3,767,113</u>
Total current assets	<u>38,073,810</u>	<u>57,667,561</u>	<u>48,610,681</u>	<u>58,366,064</u>	<u>53,035,270</u>
Noncurrent Assets					
Long-term investments	14,736,944	17,368,020	20,335,000	5,691,000	17,322,703
Restricted investments	12,846,941	9,067,656	8,975,737	9,081,531	3,531,506
Contracts receivable	66,251	34,385	20,660	15,695	11,398
Productive capacity, net	150,167,638	152,614,746	158,614,050	165,211,371	115,804,420
Capital assets, net	4,219,438	1,340,418	1,420,849	1,474,314	1,512,891
Deferred financing costs	5,713,271	5,479,518	5,624,485	5,824,805	2,649,398
Costs recoverable from future billings	27,106,609	20,918,999	14,811,185	8,748,027	3,780,099
Other deferred charges	<u>1,013,005</u>	<u>1,152,855</u>	<u>1,156,189</u>	<u>975,668</u>	<u>1,314,712</u>
Total noncurrent assets	<u>215,870,097</u>	<u>207,976,597</u>	<u>210,958,155</u>	<u>197,022,411</u>	<u>145,927,127</u>
Total Assets	<u>\$253,943,907</u>	<u>\$265,644,158</u>	<u>\$259,568,836</u>	<u>\$255,388,475</u>	<u>\$198,962,397</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Current maturities of long-term debt	\$1,235,000	\$2,745,000	\$2,620,000	\$1,625,000	\$4,365,000
Accounts payable and accrued expenses	10,142,137	14,004,923	11,320,282	11,456,544	13,337,777
Accrued interest payable	<u>3,000,585</u>	<u>4,559,284</u>	<u>4,621,122</u>	<u>3,401,843</u>	<u>3,206,437</u>
Total current liabilities	<u>14,377,722</u>	<u>21,309,207</u>	<u>18,561,404</u>	<u>16,483,387</u>	<u>20,909,214</u>
Long-term Debt					
Project revenue bonds	163,035,000	174,420,000	177,165,000	179,785,000	118,380,000
Unamortized cost of refunded debt	(7,568,471)	(5,048,539)	(5,886,181)	(6,646,081)	(7,334,339)
Unamortized premium	<u>10,246,046</u>	<u>514,286</u>	<u>514,891</u>	<u>551,495</u>	<u>61,698</u>
Total long-term debt	<u>165,712,575</u>	<u>169,885,747</u>	<u>171,793,710</u>	<u>173,690,414</u>	<u>111,107,359</u>
Deferred Revenue – Rate Stabilization	<u>17,327,710</u>	<u>19,354,000</u>	<u>14,150,000</u>	<u>10,250,000</u>	<u>13,250,000</u>
Net Assets					
Invested in capital assets, net of related debt	20,033,731	10,180,515	8,964,156	10,628,327	4,421,059
Restricted for debt service	6,159,963	1,660,718	1,047,552	3,462,360	8,119,855
Unrestricted	<u>30,332,206</u>	<u>43,253,971</u>	<u>45,052,014</u>	<u>40,873,987</u>	<u>41,154,910</u>
Total net assets	<u>56,525,900</u>	<u>55,095,204</u>	<u>55,063,722</u>	<u>54,964,674</u>	<u>53,695,824</u>
Total Liabilities and Net Assets	<u>\$253,943,907</u>	<u>\$265,644,158</u>	<u>\$259,568,836</u>	<u>\$255,388,475</u>	<u>\$198,962,397</u>

Source: Derived from MEAN's annual financial statements for the years shown.

STATEMENTS OF REVENUES AND EXPENSES

	FISCAL YEAR ENDED MARCH 31,				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Revenues					
Electric energy sales					
Participants	\$131,370,561	\$123,370,071	\$110,637,490	\$114,704,614	\$107,612,028
Non-participants	28,537,503	25,930,009	24,337,000	27,296,738	33,072,692
Transfer (provision) for rate stabilization	2,026,290	(5,204,000)	(3,900,000)	3,000,000	(2,400,000)
Other	<u>742,289</u>	<u>921,699</u>	<u>593,373</u>	<u>449,270</u>	<u>498,025</u>
Total operating revenues	<u>162,676,643</u>	<u>145,017,779</u>	<u>131,667,863</u>	<u>145,450,622</u>	<u>138,782,745</u>
Operating Expenses					
Capacity	45,432,914	32,810,549	28,660,071	27,317,662	27,263,824
Energy	84,639,776	79,956,047	75,730,388	94,677,457	92,947,194
Transmission	16,070,803	16,158,867	12,075,502	9,574,639	8,765,522
Administrative and general	4,850,845	5,443,440	5,054,723	5,656,068	4,449,739
Depreciation and amortization	<u>7,752,492</u>	<u>7,619,526</u>	<u>7,152,233</u>	<u>6,019,413</u>	<u>5,016,376</u>
Total operating expenses	<u>158,746,830</u>	<u>141,988,429</u>	<u>128,672,917</u>	<u>143,245,239</u>	<u>138,442,655</u>
Operating income	<u>3,929,813</u>	<u>3,029,350</u>	<u>2,994,946</u>	<u>2,205,383</u>	<u>340,090</u>
Nonoperating Revenues (Expenses)					
Net costs to be recovered in future periods	6,187,610	6,107,813	6,063,158	4,967,928	3,780,099
Investment return	796,524	961,311	806,376	1,162,518	2,445,336
Interest expense	(8,896,002)	(9,124,217)	(9,242,244)	(6,485,112)	(5,261,076)
Amortization of deferred bond issuance costs	(1,134,237)	(1,100,264)	(1,033,267)	(894,141)	(838,500)
Other	<u>546,988</u>	<u>157,489</u>	<u>510,079</u>	<u>312,274</u>	<u>287,628</u>
Net nonoperating revenues (expenses)	<u>(2,499,117)</u>	<u>(2,997,868)</u>	<u>(2,895,898)</u>	<u>(936,533)</u>	<u>413,487</u>
Net Increase in Net Assets	<u>\$1,430,696</u>	<u>\$31,482</u>	<u>\$99,048</u>	<u>\$1,268,850</u>	<u>\$753,577</u>

Source: Derived from MEAN's annual financial statements for the years shown.

OUTSTANDING BONDS

Upon issuance of the 2013 Series Bonds, the following Bonds will be outstanding under the Resolution:

<u>BONDS OUTSTANDING</u>	<u>AMOUNT OUTSTANDING</u>
2009 Series A	\$ 75,780,000
2012 Series A	63,870,000
2013 Series A	32,430,000
2013 Series B	6,795,000
TOTAL	<u>\$178,875,000</u>

A portion of the proceeds of the 2013 Series A Bonds, together with certain other funds of MEAN, will be deposited into the Debt Service Fund to pay the principal amount of and interest on the Refunded Bonds on April 1, 2013. After such deposit in the Debt Service Fund, the Refunded Bonds will not be deemed outstanding under the Resolution.

MEAN has agreed in the Resolution that it will not issue any obligations the payment of the principal of and interest on which is superior to the Bonds or any other obligations issued or incurred under the Resolution.

NO DEFAULTED OBLIGATIONS

MEAN has never failed to pay principal of or interest on any of its financial obligations when due.

THE PARTICIPANTS

GENERAL

The map contained under “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA—Power Supply Resources and System” shows the location of certain of MEAN’s Participants located in this region. MEAN’s offices are located in Lincoln, Nebraska.

The following table shows the types of Participants and the percent of total Participant revenues provided by such Participants for the fiscal year ended March 31, 2012:

<u>TYPE OF PARTICIPANT</u>	<u>POWER SUPPLY REQUIREMENTS</u>	<u>% OF 2012 PARTICIPANT REVENUES</u>
Long-Term Total Requirements Participants	Net all-requirements	69%
Medium-Term Total Requirements Participants		
-Service Schedule K	Net all-requirements	2%
-Service Schedule J	Net all-requirements	23%
Service Power Participants	Negotiated power supply	6%

No single Long-Term Total Requirements Participant accounted for more than 10.1% of MEAN's total Participant revenue in the fiscal year ended March 31, 2012. The 10 Long-Term Total Requirements Participants with the largest energy purchases from MEAN accounted for 44% of MEAN's total Participant revenue in the fiscal year ended March 31, 2012.

RETAIL CUSTOMERS AND ENERGY SALES

There is a range of diversity in the types of industries located in the Participants' communities, including: agriculture, tourism, manufacturing, mining, and food processing. Much of MEAN's growth comes from communities where the local economies have a non-agricultural focus, such as Aspen, Colorado; Gillette, Wyoming; Glenwood Springs, Colorado; Fountain, Colorado; and Gunnison, Colorado. The following table shows the number of retail customers and energy usage of the Participants by customer class for calendar year 2011 (in Megawatt-hours and as a percent of total power supplied by the Participants to their retail customers):

<u>CUSTOMER CLASS</u>	<u>NUMBER OF CUSTOMERS</u>	<u>ENERGY USED (MWH)</u>
Residential	102,748	1,025,633
Commercial	20,669	1,045,580
Industrial	<u>589</u>	<u>488,170</u>
TOTAL	<u>124,006</u>	<u>2,559,383</u>

LONG-TERM TOTAL REQUIREMENTS PARTICIPANTS

MEAN has entered into Long-Term Power Supply Contracts (Service Schedule M) with each of the 54 Long-Term Total Requirements Participants. The Long-Term Power Supply

Contracts expire on the latest maturity date of bonds issued to finance the projects designated in the Long-Term Power Supply Contracts, which include: (i) MEAN's long-term indebtedness, (ii) long-term indebtedness issued by Public Power Generation Agency with respect to Whelan Energy Center Unit 2 or (iii) long-term indebtedness issued by NPPD with respect to the Ainsworth Wind Energy Facility. The Long-Term Power Supply Contracts currently expire in 2041, which is beyond the date of final maturity of the 2013 Series Bonds.

The following table lists the current Long-Term Total Requirements Participants and the execution date of their Power Supply Contract with MEAN:

<u>PARTICIPANT</u>	<u>EFFECTIVE DATE</u>	<u>PARTICIPANT</u>	<u>EFFECTIVE DATE</u>
Alliance, NE	04/01/82	Haxtun, CO	10/04/82
Ansley, NE	02/01/08	Imperial Public Power District, NE	05/29/86
Arnold, NE	05/29/86	Indianola Municipal Utilities, IA	04/01/09
Aspen, CO	06/25/84	Julesburg, CO	10/01/07
Basin, WY	01/01/06	Kimball, NE	05/29/86
Bayard, NE	03/09/82	Lyman, NE	03/08/82
Beaver City, NE	06/14/82	Lyons, CO	09/25/89
Benkelman, NE	10/18/82	Mitchell, NE	04/06/82
Blue Hill, NE	05/29/86	Morrill, NE	05/29/86
Breda, IA	01/01/08	Oak Creek, CO	10/01/99
Bridgeport, NE	06/10/82	Oxford, NE	03/08/82
Broken Bow, NE	05/29/86	Pender, NE	02/01/08
Burwell, NE	03/09/82	Pierce, NE	04/01/09
Callaway, NE	05/29/86	Plainview, NE	10/1/11
Carlisle, IA	04/01/99	Red Cloud, NE	03/02/82
Chappell, NE	03/01/82	Rockford Light Plant, IA	09/01/07
Crete, NE	05/29/86	Sergeant Bluff, IA	04/01/09
Curtis, NE	03/10/82	Shickley, NE	05/29/86
Delta, CO	10/01/12	Sidney, NE	02/01/08
Denver, IA	07/01/10	Spencer, NE	06/01/08

<u>PARTICIPANT</u>	<u>EFFECTIVE DATE</u>	<u>PARTICIPANT</u>	<u>EFFECTIVE DATE</u>
Fairbury, NE	03/19/82	Stuart, NE	12/01/07
Fleming, CO	02/07/84	Torrington, WY	01/01/08
Fonda, IA	09/01/10	Wall Lake, IA	01/01/08
Fort Morgan, CO	07/01/09	Waverly Light and Power, IA	02/01/10
Gering, NE	03/08/82	West Point, NE	03/15/82
Grant, NE	02/01/08	Wisner, NE	09/01/07
Gunnison, CO	09/17/92	Yuma, CO	08/03/82

Under the Long-Term Power Supply Contracts, MEAN is required to sell and deliver, and each Long-Term Total Requirements Participant is required to purchase from MEAN, all firm power and energy required by such Long-Term Total Requirements Participant, exclusive of any firm power and energy allocated to such Long-Term Total Requirements Participant by WAPA. Aspen, Colorado and Waverly, Iowa are the only Long-Term Total Requirements Participant with certain resources that reduce the amount of firm power and energy required to be supplied by MEAN that have received approval from the MEAN Board of Directors.

Under the Long-Term Power Supply Contracts, the Long-Term Total Requirements Participants have agreed to pay rates that are sufficient, along with other revenues of MEAN, to pay all of MEAN's costs and expenses relating to the acquisition and sale of electric power and energy and transmission services. MEAN accumulates all of its power resources and charges separate capacity and energy rates to the Long-Term Total Requirements Participants. The capacity rate is payable without regard to the amount of energy taken by the Participant and is calculated to produce revenues which, together with the revenues provided from services to the Medium-Term Total Requirements Participants and the Service Power Participants and other sources, are sufficient to cover all of MEAN's fixed costs, including debt service and payments under long-term power purchase contracts. The energy rate is payable on the Participant's total energy purchases from MEAN and recovers MEAN's variable costs of providing service, including fuel costs and short-term energy purchases. The rates payable by the Long-Term Total Requirements Participants are reviewed at least once each year and revised as necessary by the Board of Directors of MEAN to ensure that the rates are sufficient, along with other revenues of MEAN, to pay all "Project Costs" (as defined in the Long-Term Power Supply Contracts), which include the following:

- Operation and maintenance expenses relating to the power supply resource projects of MEAN and all other electric power, energy and transmission services;
- All costs and expenses paid or incurred by MEAN resulting from the ownership, termination, repair, renewal, improvement and modification of all power supply resource projects of MEAN and other electric power, energy and transmission services;

- The cost of any electric power and energy purchased by MEAN and the cost of transmission service for delivery of electric power and energy;
- Debt service on bonds and other obligations;
- Amounts necessary to meet any rate covenant of MEAN; and
- Maintenance of debt service reserves for bonds and other obligations.

The Long-Term Total Requirements Participants covenant and agree to fix rates and charges for the services of their electric systems and collect the revenues therefrom so that such rates and charges will produce revenues and receipts which will at all times be sufficient to enable such Participants to pay the amounts payable by them under the Long-Term Power Supply Contracts and to pay all other amounts which are payable from or a charge upon the revenues derived from the operation of their municipal electric utility systems as and when the same become due. The Long-Term Total Requirements Participants establish the electric rates for service to their respective retail electric customers and such rates are not regulated by the Nebraska Power Review Board, the Colorado Public Utilities Commission, the Iowa Utilities Board or any other state or federal regulatory body or agency. The authority of the Total Requirements Participants to determine, fix, impose and collect rates and charges for electric power and energy sold and delivered is not subject to the regulatory jurisdiction of any governmental authority or agency, state or federal, except that the Public Utilities Commission of Colorado exercises jurisdiction over the rates of Colorado municipalities to the extent such rates are applicable to customers outside of the respective municipal boundaries. The portion of MEAN's total revenues attributable to such extra-territorial customers of its Colorado Participants is not material. Under the Long-Term Power Supply Contracts, the obligation of each Long-Term Total Requirements Participant to make payments thereunder is an operating expense of its electric system. Such payments are to be made solely from the revenues of such Long-Term Total Requirements Participant's electric system. Long-Term Total Requirements Participants are not obligated to make any payments to MEAN from tax revenues or any other revenues other than electric utility system revenues.

If MEAN determines that it is necessary to commit to any additional power supply resource projects in the future, MEAN is required to give each Long-Term Total Requirements Participant an opportunity to determine whether to participate in such project. If a Long-Term Total Requirements Participant determines not to participate in such project, such Long-Term Total Requirements Participant will cease to be a Long-Term Total Requirements Participant under its Long-Term Power Supply Contract and will become a Contract Purchaser when such project goes into commercial operation. As a Contract Purchaser under the Long-Term Power Supply Contract, its obligation to purchase, and MEAN's obligation to supply power and energy, will equal the maximum demand of such Long-Term Total Requirements Participant during the previous 12 month period prior to commercial operation of the additional power supply project.

There has never been a payment default or delinquency by any Long-Term Total Requirements Participant under the Pooling Agreement or the Long-Term Power Supply Contract. However, if any Long-Term Total Requirements Participant fails to perform its obligations under the Pooling Agreement or the Long-Term Power Supply Contract, the Management Committee will give written notice to such Participant and establish a reasonable

period that the Participant may have to fulfill its obligations under the Pooling Agreement or Long-Term Power Supply Contract. If the failure to perform the obligations continues, the Management Committee may immediately terminate such Participant's participation in the Pooling Agreement and MEAN may cease delivering power and energy to the Participant. The termination of the Pooling Agreement and Long-Term Power Supply Contract does not relieve the Long-Term Total Requirements Participant of any of its obligations under the Long-Term Power Supply Contract. The Long-Term Total Requirements Participants agree that in the event of a default of any Long-Term Total Requirements Participant, it may be necessary for MEAN to revise the rate schedule for the non-defaulting Long-Term Total Requirements Participants in order to maintain revenues sufficient to pay the costs of MEAN described above, including debt service expenses.

MEDIUM-TERM TOTAL REQUIREMENTS PARTICIPANTS

MEAN has entered into a Service Schedule K or a Service Schedule J with eight of the Participants. Under Service Schedule K and Service Schedule J, MEAN is required to sell and deliver, and each Medium-Term Total Requirements Participant is required to purchase from MEAN, on a take-and-pay basis, all power and energy required by such Medium-Term Total Requirements Participant, exclusive of any firm power and energy allocated to such Medium-Term Total Requirements Participants by WAPA. At the current time, Gillette, Wyoming, is the only Medium-Term Total Requirements Participant with another contract in place for power and energy. Black Hills Power supplies up to 23 MW of capacity and associated energy to Gillette under an ownership agreement. MEAN supplies Gillette's capacity and associated energy requirements in excess of 23 MW, including all future load growth.

The following table shows the dates on which each of the eight (8) Medium-Term Total Requirements Participants approved such service and the stated contract termination dates:

<u>PARTICIPANT</u>	<u>CONTRACT EFFECTIVE DATE</u>	<u>CONTRACT TERMINATION DATE</u>	<u>SERVICE SCHEDULE</u>
Buffalo, IA ⁽¹⁾	01/01/05	12/31/14	K
Fountain, CO	07/01/05	06/30/15	J
Gillette, WY ⁽²⁾	09/01/95	03/31/14	J
Glenwood Springs, CO ⁽³⁾	01/01/13	12/31/22	K
Holyoke, CO	10/01/94	09/30/13	J
Paxton, NE	03/01/99	02/28/14	K
Sargent, NE	03/01/00	02/28/17	K
Wood River, NE ⁽⁴⁾	12/19/89	02/28/15	K

(1) Buffalo has provided notice to MEAN to terminate its status as a Participant effective January 1, 2015.

(2) Gillette, WY is evaluating their power supply arrangements after their contract termination date of March 31, 2014. MEAN continues to monitor opportunities to provide services and power supply to Gillette.

(3) Glenwood Springs, CO had a Service Schedule J Agreement from January 1, 2001 to December 31, 2012.

(4) Wood River, NE has provided notice to MEAN to terminate its status as a Participant effective March 1, 2015.

Service Schedule K. Five of the Medium-Term Total Requirements Participants have entered into Service Schedule K with MEAN. The rates paid by such Participants are established and modified by the Management Committee and are based on MEAN's cost of power and energy. The existing Service Schedule K's have terms of five to 10 years.

Under Service Schedule K the Medium-Term Total Requirements Participants covenant and agree to fix rates and charges for the services of their electric systems, and collect the revenues therefrom, so that such rates and charges will produce revenues and receipts which will at all times be sufficient to enable such Participants to pay the amounts payable by them under Service Schedule K and to pay all other amounts which are payable from or a charge upon the revenues derived from the operation of their municipal electric utility systems as and when the same become due. Under Service Schedule K, the obligation of each Medium-Term Total Requirements Participant to make payments thereunder is an operating expense of its electric system. Such payments are to be made from the revenues of such Medium-Term Total Requirements Participant's electric system. Medium-Term Total Requirements Participants are not obligated to make any payments to MEAN from tax revenues or any other revenues other than electric utility system revenues.

Service Schedule J. Three of the Medium-Term Total Requirements Participants have entered into Service Schedule J with MEAN. The rates payable by each such Medium-Term Total Requirements Participant are based on rates negotiated and agreed to by the Management Committee and each such Medium-Term Total Requirements Participant. Service Schedule J's are available for the sale of power and energy for a term of up to 10 years.

SERVICE POWER PARTICIPANTS

Six Participants have elected to become Service Power Participants. Each Service Power Participant maintains full control and responsibility for its existing and future resources to meet its electric power and energy requirements. They may enter into transactions with MEAN, other Service Power Participants, or other utilities for the purchase of power and energy. Pursuant to the Pooling Agreement, any Service Power Participant may terminate its participation in the Pooling Agreement by giving two years' written notice to MEAN.

The following table shows the six current Service Power Participants and the execution dates of their Pooling Agreements with MEAN:

<u>PARTICIPANT</u>	<u>DATE OF POOLING AGREEMENT EXECUTION</u>
Falls City, NE	01/07/1985
ARPA	05/27/2004
Grand Island, NE	01/08/1980
Hastings, NE	05/26/1981
Nebraska City, NE	03/17/1980
Neligh, NE	11/28/2011

MANAGEMENT

Each Participant's electric system (other than the system operated by Imperial Public Power District) operates under the ultimate control of the respective city or town council, utility board or village board of trustees. All rates, power contracts and the issuance of revenue utility bonds for electric system purposes require the approval of the municipality's governing body. The Imperial Public Power District is governed by an elected board of directors.

SERVICE AREAS

Nebraska. Under Nebraska law, municipalities in Nebraska have the exclusive right to serve all customers within their corporate limits. However, a Nebraska municipality may, subject to the approval of the NPRB, enter into agreements pursuant to which other suppliers of electricity may serve customers within such municipality. Municipalities have the right to serve customers in areas which they annex, subject to the approval of the NPRB and payment to the previous suppliers of electricity in accordance with Nebraska law. Under Nebraska law the service areas of public power districts are determined by agreement with other suppliers of electricity, subject to the approval of the NPRB.

Colorado. Under Colorado law, municipalities in Colorado have the exclusive right to serve all customers within their corporate limits. A Colorado municipality may enter into agreements pursuant to which other suppliers of electricity may serve customers within such municipality. Municipalities have the right to serve customers in areas that they annex. Subject to regulation by the Colorado Public Utilities Commission, a Colorado municipality may supply electricity to customers outside of its corporate limits.

Wyoming. Under Wyoming law, municipalities in Wyoming have the exclusive right to serve all customers within their corporate limits. Maps of territories are filed with the Wyoming Public Service Commission.

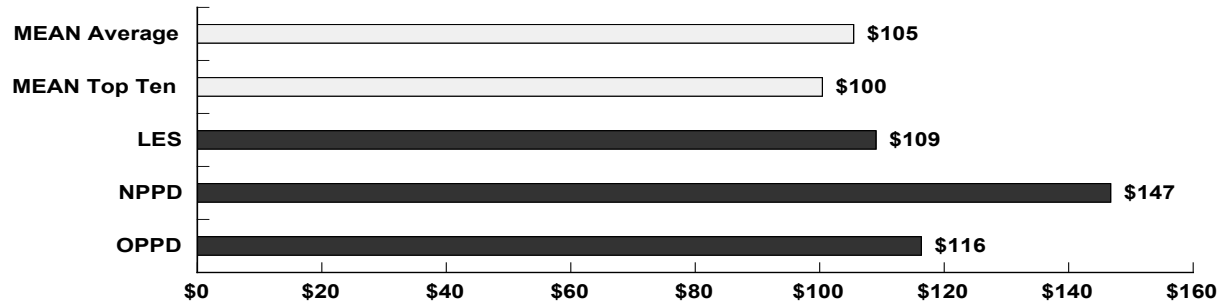
Iowa. The service area of the municipal utilities in Iowa includes all of the industrial, commercial, and residential loads located within the corporate limits of the city and in certain circumstances loads which are located just outside of the city limits. The Utility Division of the Iowa Department of Commerce regulates the electric service area of each utility in Iowa, including municipal utilities. Competition to provide electric service across defined service areas is not allowed under current Iowa law.

COMPARATIVE RATES

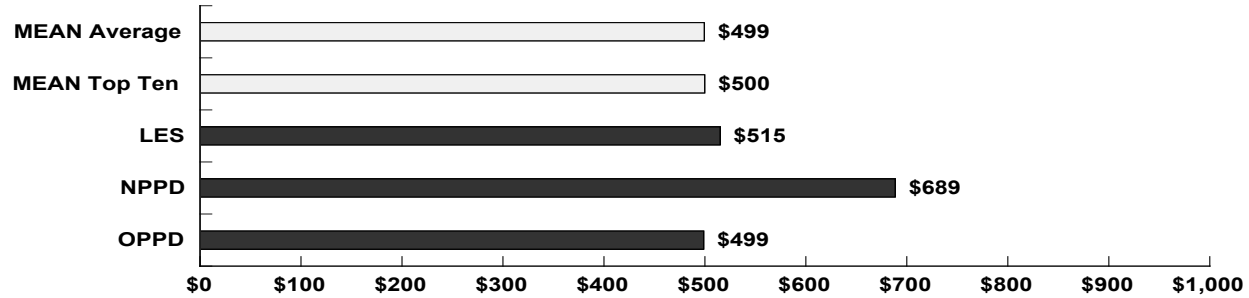
The following table shows the average residential, commercial and industrial billings of the largest Long-Term Total Requirements Participants, based on MWh sold by MEAN to such Participant, at selected levels of consumption and demand for the summer of 2012, as compared to the billings of the three largest retail electric providers in Nebraska (LES, NPPD and OPPD) for the same month:

MEAN's Summer Electric Rates

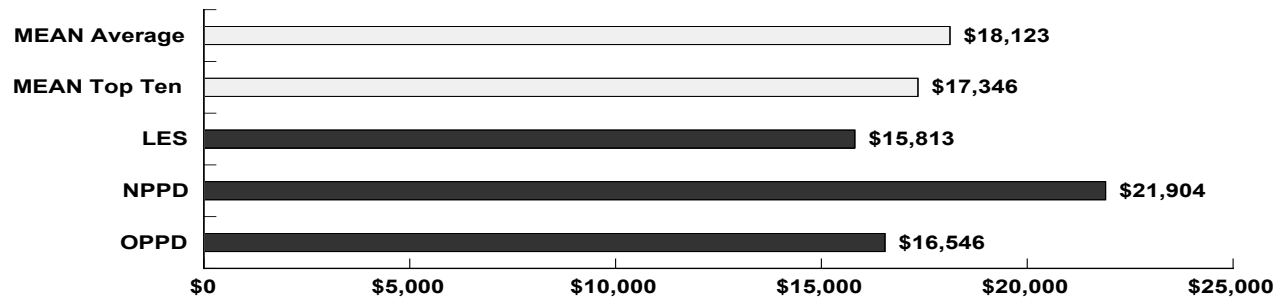
Residential Rates 1,000 kWh



General Service Rates 12 kW 5,000 kWh



Large Light & Power Rates 500 kW 225,000 kWh



Source: NMPP Retail Rate Survey, Summer 2012 data. Survey Sample Size of 125.

Representative residential electric billings for the summer of 2012 for 10 of the largest Long-Term Total Requirements Participants, based on MWh sold by MEAN to such Participants, together with LES, NPPD and OPPD are set forth below:

<u>UTILITIES</u>	<u>TYPICAL RESIDENTIAL BILLS FOR 1,000 kWh</u>
Members	
Alliance, NE	\$ 102.50
Broken Bow, NE	96.35
Crete, NE	90.50
Fairbury, NE	95.35
Fort Morgan, CO	74.75
Indianola Municipal Utilities, IA	112.50
Sidney, NE	115.00
Torrington, WY	92.00
Waverly Light and Power, IA	130.40
West Point, NE	94.90
Non-Members	
LES	\$109.05
NPPD	146.75
OPPD	116.34

(1) Source: NMPP Retail Rate Survey, Summer 2012 data. Survey Sample Size of 125.

SELECTED FINANCIAL AND OPERATING INFORMATION

The following table provides selected financial information for the last complete fiscal year of operations for the top 10 Long-Term Total Requirements Participants, based on MWh sold by MEAN to such Participants.

<u>PARTICIPANT</u> ⁽¹⁾	<u>PARTICIPANT % OF MEAN PARTICIPANT REVENUES</u> ⁽²⁾	<u>PARTICIPANT ELECTRIC TOTAL OPERATING REVENUES</u>	<u>PARTICIPANT ELECTRIC O&M EXPENSES</u>	<u>PARTICIPANT ELECTRIC LONG-TERM DEBT</u>	<u>PARTICIPANT ELECTRIC DEBT SERVICE COVERAGE</u>	<u>PARTICIPANT ELECTRIC UNRESTRICTED CASH & INVESTMENTS</u>
Fort Morgan, CO	10.1%	\$15,716,188	\$16,739,831	\$ -	N/A	\$16,226,166
Waverly Light and Power, IA	5.6	17,354,345	12,864,085	4,277,632	4.19	2,645,652
Indianola Municipal Utilities, IA	4.9	10,511,802	9,350,720	9,050,650	1.53	6,228,493
Alliance, NE	4.8	9,298,729	7,689,213	2,915,000	2.90	4,112,345
Crete, NE	4.2	8,214,666	7,176,405	1,055,150	6.17	1,062,574
Torrington, WY	4.1	9,174,663	6,614,533	1,443,759	7.65	3,011,302
Fairbury, NE	3.1	6,727,062	6,105,865	-	N/A	5,433,976
Sidney, NE	2.7	7,018,224	5,699,494	-	N/A	8,009,554
Broken Bow, NE	2.8	6,593,310	5,746,697	230,000	23.81	2,879,643 ⁽³⁾
West Point, NE	1.8	3,833,358	3,527,055	515,000	4.55	743,016

(1) The Participant information was derived from that Participant's most recent available audited financial statements.

(2) Based on MEAN's fiscal year ended March 31, 2012.

(3) Represents Broken Bow's proprietary fund balance which includes electric, water and sewer.

The following table provides selected operating information for the last complete fiscal year of operations for the top 10 Long-Term Total Requirements Participants, based on MWh sold by MEAN to such Participants.

<u>PARTICIPANT</u>	<u>PARTICIPANT % OF MEAN PARTICIPANT REVENUES</u> ⁽¹⁾	<u>POPULATION</u>	<u>TOTAL CUSTOMERS</u> ⁽²⁾	<u>TOTAL RETAIL ENERGY SALES (MWH)</u> ⁽²⁾	<u>PEAK DEMAND (MW)</u> ⁽¹⁾
Fort Morgan, CO	10.1%	11,428	5,750	247,394	44
Waverly Light and Power, IA	5.6	9,876	4,975	148,426	35
Indianola Municipal Utilities, IA	4.9	14,932	5,972	118,352	33
Alliance, NE	4.8	8,548	5,171	116,729	27
Crete, NE	4.2	7,028	3,110	121,696	25
Torrington, WY	4.1	6,690	3,910	101,893	19
Fairbury, NE	3.1	3,928	3,231	80,192	21
Sidney, NE	2.7	6,742	4,610	77,104	19
Broken Bow, NE	2.8	3,546	2,323	85,316	16
West Point, NE	1.8	3,379	1,870	50,785	12

(1) Based on MEAN's fiscal year ended March 31, 2012.

(2) Source: U.S. Energy Information Administration for calendar year 2011

INVESTMENT CONSIDERATIONS

The purchase of the 2013 Series Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the 2013 Series Bonds should make a decision to purchase any of the 2013 Series Bonds without first reading and considering the entire Official Statement, including all Appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

SPECIAL OBLIGATIONS

The 2013 Series Bonds are special obligations of MEAN payable only from the Revenues of the Power Supply System and certain funds held under the Resolution. Neither the full faith and credit nor the taxing power of the State of Nebraska or any agency, instrumentality or political subdivision thereof (including MEAN) is pledged for the payment of principal of, premium, if any, or interest on the 2013 Series Bonds. The 2013 Series Bonds are not general obligations of MEAN or of the State of Nebraska or any agency, instrumentality or political subdivision thereof. The issuance of the 2013 Series Bonds shall not directly, indirectly, or contingently obligate MEAN, the Participants or the State of Nebraska or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the 2013 Series Bonds. MEAN has no taxing power. The Resolution does not mortgage or grant a security interest in any physical properties of the Power Supply System to secure the 2013 Series Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” above.

The obligation of each Long-Term Total Requirements Participant to make payments under the Long-Term Power Supply Contracts is an operating expense of its electric system. Such payments are to be made solely from the revenues of such Long-Term Total Requirements Participant’s electric system. Long-Term Total Requirements Participants are not obligated to make any payments to MEAN from tax revenues or any other revenues other than electric utility system revenues. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pooling Agreements and Long-Term Power Supply Contracts.”

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The Electric Utility Industry Generally. The electric utility industry has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of electric utilities, such as MEAN. Such factors include, among others, (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory, and legislative requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) other federal and state legislative changes, (iv) “self-generation” by certain industrial and commercial customers, (v) regulations and market conditions relating to the ability to issue tax-exempt obligations, (vi) severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects

financed with outstanding tax-exempt obligations, (vii) changes in projected future load requirements, (viii) increases in generation and transmission facility costs, (ix) shifts in the availability of different fuel types and relative volatility of costs of different fuels, (x) development of risk management procedures and practices, (xi) effects of financial instability of various participants related to the power market, and (xii) development of climate change strategies and the potential regulations of contributions made to climate change by coal-fired and other fossil-fueled generating units. Any of these general factors and the factors discussed below (as well as other factors) could have an effect on the financial condition of MEAN.

MEAN and other electric utilities are subject to various federal and state laws requiring compliance with environmental rules and regulations. In addition, MEAN is also subject to various federal and state laws which affect the construction and operation of its facilities.

Federal Power Act Requirements.

Energy Policy Act of 1992. The Energy Policy Act of 1992 (the “*Energy Policy Act of 1992*”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access under Sections 211, 212, and 213 of the Federal Power Act (“*FPA*”). The purpose of these changes, in part, was to bring about increased competition in wholesale electric markets. While MEAN could contest before the Federal Energy Regulatory Commission (“*FERC*”) or in federal court any application under Sections 211, 212 and 213 of the FPA on jurisdictional, procedural or substantive grounds, those Sections of the FPA provide FERC with the authority, upon application by an electric utility, federal power marketing agency, or any person generating electricity for sale or resale, to require all transmitting utilities to provide transmission services to the applicant at rates, charges, terms and conditions set by FERC based on standards and provisions in the FPA. However, the Energy Policy Act of 1992 specifically denied FERC the authority to mandate “retail wheeling,” under which a retail customer of one utility could obtain power from another utility or nonutility power generator.

On April 24, 1996, FERC issued two final rules. The final rules effect significant changes in the regulation of transmission services provided by public utilities (as defined in the FPA) that own, operate or control interstate transmission facilities and which are subject to FERC jurisdiction over wholesale contracts, rates and services.

One of the final rules, Order No. 888, (i) requires the provision of open access transmission service on a nondiscriminatory basis by all jurisdictional utilities by mandating all such utilities to file a transmission tariff that offers other entities seeking to effect wholesale power transactions transmission service under the terms and conditions specified in FERC’s pro forma tariff and (ii) requires a nonjurisdictional utility that purchases transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to, in turn, provide open access service to the jurisdictional utility under terms that are comparable to the service that the nonjurisdictional utility provides itself. This is referred to as the reciprocity requirement.

The other final rule, Order No. 889, (i) implements standards of conduct for jurisdictional utilities that offer open access transmission services to ensure that transmission owners and their

affiliates do not have an unfair competitive advantage in using transmission to sell power and (ii) requires those jurisdictional utilities to establish an electronic *OASIS* to share transmission-related information (including information about available capacity) on the Internet, and to require that those jurisdictional utilities also obtain information about their transmission systems for their own wholesale power transactions, such as available capacity, in the same way that their competitors do through the *OASIS*.

MEAN is not a transmission owner/operator per North American Electric Reliability Corporation (“*NERC*”) criteria and is not a transmission service provider. MEAN is not a public utility under the FPA and so is not subject to Order No. 888 and Order No. 889.

Energy Policy Act of 2005. The Energy Policy Act of 2005 (the “*Energy Policy Act of 2005*”) established a new Section 211A in the FPA which gives FERC new jurisdiction over unregulated transmitting utilities. As MEAN is defined as a load-serving entity under Section 211A, it is not subject to this regulation. In its Order 890 issued in February 2007 and Order 890-A, an order on rehearing issued in December 2007, FERC stated that it does not intend to propose a generic rule at this time to implement Section 211A. Rather, FERC will apply Section 211A on a case-by-case basis in response to complaints brought to FERC.

Section 211A gives FERC the authority to order any unregulated transmitting utility to provide transmission services: (1) at rates that are comparable to those under which the unregulated transmitting utility charges itself and (2) on terms and conditions not relating to rates that are comparable to those under which the unregulated transmitting utility provides transmission service to itself and that are not unduly discriminatory and preferential. Section 211A makes the rate changing procedures applicable to public utilities under subsections (c) and (d) of Section 205 of the FPA applicable to the unregulated transmitting utilities. FERC can remand transmission rates to the unregulated transmitting utility for review and revisions if necessary to meet the requirements described above. FERC cannot require MEAN to take action under Section 211A that would violate a private activity bond rule application to MEAN’s indebtedness. Further, nothing in the Energy Policy Act of 2005 authorizes FERC to require MEAN to transfer control or operational control of any of its transmission facilities to a regional transmission organization or independent transmission system operator. All of these regulations assure MEAN of equitable transmission service to serve its Participants.

FERC Order No. 890 implements revisions to FERC’s Open Access Transmission Tariff (“*OATT*”) and regulations first adopted in its Order Nos. 888 and 889 in 1996 for jurisdictional public utilities. FERC stated in Order No. 890 that it expects unregulated transmission providers and customers to participate in the open and transparent regional transmission planning processes described in Order No. 890. MEAN is subject to FPA Section 221 which prohibits filing or reporting of false information to a federal agency related to the price of wholesale electricity or transmission capacity. MEAN is also subject to FPA Section 222 which prohibits fraud and market manipulation in the purchase or sale of electric energy or transmission service that is subject to FERC jurisdiction.

FERC certified the NERC as the nation’s electric reliability organization (“*ERO*”) to develop mandatory reliability standards for all users, owners and operators of the transmission grid subject to FERC approval. FERC issued a final rule in Order No. 693 which approved

certain mandatory electric reliability standards. MEAN has been subject to and compliant with the NERC electric reliability standards. The change is that the standards are now mandatory and under FERC's jurisdiction and MEAN can now be subject to a monetary penalty for noncompliance.

The Energy Policy Act of 2005 also (a) authorizes FERC to order refunds for certain wholesale sales of 31 days or less which may include certain MEAN sales if such sales violate FERC-approved tariffs or FERC rules, (b) allows load serving entities holding certain firm transmission rights to continue to use those rights to meet service obligations for native loads, and (c) authorizes FERC to issue construction permits for transmission projects located in "national interest electric transmission corridors" (to be designated by Department of Energy ("DOE")) in circumstances where the applicable state or regional siting agency does not timely authorize a project or imposes unreasonable conditions).

Air Quality Issues and the Clean Air Act Amendments of 1990.

Sulfur Dioxide and Nitrogen Oxides Emissions Allowances. MEAN meets the sulfur dioxide (SO₂) emissions requirements under Phase I of the Clean Air Act ("Act").

Phase II of the Act was effective January 1, 2000. Phase II governs SO₂ emissions and nitrogen oxide limits. Based on current projections, MEAN has approximately 90% of needed allowances for SO₂ emissions ("Allowances") to cover the electric power needs of its customers through 2018. Currently, all of MEAN's owned coal-fired generation meets Phase II nitrogen oxides ("NO_x") compliance requirements. SO₂ and NO_x emissions are monitored continuously and reported quarterly in compliance with EPA regulations.

In recent years, legislative bills have been introduced in both the House and Senate that if enacted, would require the addition of pollution control equipment to reduce emissions of SO₂, NO_x, mercury ("Hg") and carbon dioxide ("CO₂") from coal-fired electric power plants. MEAN's generating resources have installed mercury reduction capability. Mandatory CO₂ reductions would substantially increase MEAN's operations and maintenance expenses and possibly require switching fuel from coal to natural gas. MEAN continually monitors emissions reduction legislation.

The following includes EPA rules that recently have been finalized or proposed and their projected impact on MEAN:

Cross-State Air Pollution Rule ("CSAPR"). The EPA promulgated the Clean Air Interstate Rule ("CAIR") in 2005 under the authority of Title I of the Federal Clean Air Act. CAIR required the reduction of NO_x and SO₂ in 27 targeted states, including Iowa. Nebraska was not one of the CAIR targeted states. On July 6, 2010, the EPA proposed the Clean Air Transport Rule ("CATR") as a replacement for CAIR. This rule required 31 states, including Nebraska and Iowa, and the District of Columbia to significantly improve air quality by reducing power plant emissions contributing to ozone and fine particle pollution in other states. Specifically, this proposal would have required significant reductions in SO₂ and NO_x emissions crossing state lines. Under the proposed rule, Nebraska and Iowa would be required to reduce emissions of SO₂ and NO_x to meet micron fine particulate matter standards.

The final CATR was published in the Federal Register on August 8, 2011, with the name changed to CSAPR. The final rule establishes a cap-and-trade system with state and unit specific allowance allocations to achieve the desired emission reductions. The NO_x and SO₂ allowances under CSAPR are significantly lower than the proposed CATR allowances. Implementation of Phase I of the final rule was scheduled to begin in 2012 and implementation of Phase II in 2014. Due to the short implementation timeframe for Phase I, the rule was challenged in court. On December 30, 2011, the D.C. Circuit Court issued an order staying the CSAPR pending the Court's resolution of the petitions for review of the rule. The federal court ordered the EPA to continue administering the previously promulgated CAIR until a final decision could be made on the merits of CSAPR. On August 21, 2012, the federal court vacated CSAPR stating that the rule exceeds the agency's statutory authority. The EPA will continue administering CAIR pending the promulgation of a valid replacement rule.

Mercury and Air Toxics Standard ("MATS"). In March 2005, the EPA issued its final Clean Air Mercury Rule ("*CAMR*") for controlling mercury emissions from electric utility steam generating units. CAMR proposed a mercury cap-and-trade program for existing coal-fired power plants, placed limits on new sources, and established two nationwide mercury caps – 38 tons in 2010 (Phase I) and 15 tons in 2018 (Phase II). On February 8, 2008, the U.S. Court of Appeals for the Second Circuit vacated CAMR. In the Court's opinion, EPA could not remove mercury as a hazardous air pollutant and substitute a cap-and-trade program without strict adherence to requirements of the Clean Air Act. Thus, electric utility steam generating units were once again likely to be subject to Maximum Achievable Control Technology ("*MACT*") standards. This required EPA to evaluate appropriate MACT limits for source categories and propose a new regulatory program for mercury control. On December 24, 2009, EPA approved an Information Collection Request ("*ICR*") requiring all U.S. power plants with coal- or oil-fired electric generating units to submit emissions information for use in developing air toxics emissions standards. On May 3, 2011, following the review of data collected, EPA promulgated a proposed rule for Utility Boiler MACT which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants ("*HAPs*"), and acid gases (hydrogen chloride or SO₂ as a surrogate). The MACT Rule was finalized on December 16, 2011 and the name was changed to MATS. Compliance with the new rule will be necessary by April 16, 2015. An additional year may be granted by state agencies to facilitate installation of pollution control equipment. Twenty four states are challenging the rule. A number of state chambers of commerce and manufacturing associations are also challenging the rule. Operators of MEAN's facilities have created a plan to promote compliance. Necessary upgrades are included in MEAN's capital budget projections, and do not represent significant expenditures for MEAN.

Best Available Retrofit Technology ("BART")/Regional Haze Rule. In July 2005, the EPA finalized the Regional Haze Rule which includes provisions addressing BART. BART requires retrofit application of emission controls for industrial facilities emitting air pollutants that reduce visibility at federally protected parks and wilderness areas. On January 21, 2011, the NDEQ submitted the State Implementation Plan ("*SIP*") for BART to the EPA. Operators of MEAN's facilities have created a plan to promote compliance. Necessary upgrades are included in MEAN's capital budget projections, and do not represent significant expenditures for MEAN.

National Ambient Air Quality Standards. On January 6, 2010, the EPA proposed to strengthen the NAAQS for ground-level ozone, the main component of smog. The primary

ozone standard is designed to protect public health. The EPA is also proposing to establish a seasonal secondary standard, designated to protect sensitive vegetation and ecosystems. The EPA was expected to issue final standards by the end of 2011 and it was expected the standards would be reduced to a level that could affect MEAN generation in Iowa and Nebraska. In late 2011, the EPA decided to wait until 2013 to revisit the standards. Dependent on the final standards and areas designated as nonattainment, NO_x reductions requirements may affect MEAN's generation in Iowa and Nebraska. As a result of such uncertainties, neither cost nor time frame can be estimated at this time.

Greenhouse Gas Initiatives. On October 30, 2009, the EPA's Mandatory Reporting of Greenhouse Gases Rule became final. This development is significant in that it represents the first federal requirement to report and monitor greenhouse gas emissions from approximately 10,000 industrial facilities representing 85% of greenhouse gas emissions in the United States. As originally proposed, the reporting threshold will be 25,000 metric tons of carbon dioxide equivalent per year (actual emissions) or capacity-based thresholds depending on the sector type. The final rule requires annual reporting beginning with 2010 emissions. MEAN's generating facility operators submit the required greenhouse gas reports.

Addressing the issue of global warming/climate change had been a major legislative priority for the current Administration and the previous 111th Congress. The present House Leadership has expressed strong opposition to climate change legislation. As a result, it is uncertain whether the 113th Congress will develop and enact climate change legislation into law. Current and near future action on addressing climate change will likely be confined to the EPA's efforts to regulate greenhouse gases under the Clean Air Act. The potential cost impact of future climate legislation to electric utilities with substantial coal generating assets could be significant and will be closely monitored by MEAN.

Hazardous and Toxic Materials Regulations.

Chemical Reporting. The electric utility industry is subject to the Emergency Planning and Community Right-to-Know Act ("*EPCRA*"), the Toxic Substances Control Act regulations ("*TSCA*") and the Resource Conservation & Recovery Act ("*RCRA*"), including applicable programs delegated to the NDEQ by the EPA. MEAN works with and depends on its generating facility operators to comply with these regulations.

Clean Water Act.

316(b) Fish Protection Regulations. In July 2004, the EPA finalized regulations under Section 316(b) Rule of the Clean Water Act ("*316(b) Rule*"). The 316(b) Rule is designed to reduce fish mortality associated with the use of once-through cooling by power generating stations. None of MEAN's generating resources utilize once-through cooling.

See "THE MUNICIPAL ENERGY AGENCY OF NEBRASKA—REGULATION—Environmental and Other" included elsewhere in this Official Statement.

Nebraska Studies on Electric Utilities. See "THE MUNICIPAL ENERGY AGENCY OF NEBRASKA—RETAIL COMPETITION – DEREGULATION—*Deregulation in Nebraska*" herein.

Competitive Environment. See “THE MUNICIPAL ENERGY AGENCY OF NEBRASKA—RETAIL COMPETITION—DEREGULATION—*Deregulation in Nebraska*” and “—WHOLESALE COMPETITION” herein.

Technological Advances. The electric utility industry is subject to advances in technologies. MEAN cannot predict the timing of the development or availability of such technologies and the ultimate impact they would have on the Revenues of the Power Supply System. MEAN is involved in and interacts with several advanced generation facilities, industry groups, and industry associations. Such activities will facilitate timely adoption of positively impacting technology or development of strategies to mitigate the negative effects of technologies that would allow Participants to locally self-generate.

DESTRUCTION OF POWER SUPPLY SYSTEM FACILITIES

The Resolution requires that MEAN, in its operation of the Power Supply System, maintain insurance in such amounts and to such extent as is normally carried by other municipalities operating public utilities of the same size and type. In the event of any loss or damage, the Resolution requires that the proceeds of any insurance first be applied to the purpose of restoring or replacing the property lost or damaged. Any remainder is to be paid into the General Reserve Fund. However, there can be no assurance that the proceeds of such insurance will be sufficient to restore or replace the lost or damaged property.

Damage to or destruction of all or part of the Power Supply System may prevent MEAN from providing electricity to some or all of its Participants. In such event, the Revenues may decrease.

ECONOMIC AND DEMOGRAPHIC CONDITIONS

The 2013 Series Bonds are payable solely from and secured by a pledge and assignment of Revenues and certain funds held under the Resolution and other available funds. Future economic and other conditions, the demand for electricity within the Participants’ boundaries and their surrounding areas, economic and employment trends and events, demographic changes, changes in governmental regulations and policies, and other factors may adversely affect the future financial condition of the Power Supply System and, consequently, the availability of the Revenues.

SUMMARY FINANCIAL INFORMATION

Certain historical financial information of MEAN is summarized in this Official Statement. There can be no assurance that the financial results achieved by MEAN in the future will be similar to historical results contained therein. Such future results will vary from historical results, and actual variations may be material. Therefore, MEAN’s historical operating results, contained in this Official Statement cannot be viewed as a representation that MEAN will be able to generate sufficient revenues in the future to make timely payment of principal of, redemption premium, if any, and interest on its debt obligations, including the 2013 Series Bonds.

LIMITATION OF RIGHTS UPON INSOLVENCY

The United States Bankruptcy Code enables debtors which are insolvent to obtain relief through petition and plan which may result in the modification or delay of payments to creditors, including bondholders. In the event of any insolvency upon the part of MEAN, the extent to which holders of 2013 Series Bonds would be treated as a separate class or otherwise given priority over other claimants is a matter that would be subject to future determinations of Nebraska state and federal courts interpreting and applying both state law and the United States Bankruptcy Code. Procedures under the Bankruptcy Code or other insolvency laws could result in delays in payment and modifications of payment rights. The State of Nebraska has authorized its political subdivisions, which may include MEAN, to seek relief under the United States Bankruptcy Code by statute.

FUTURE LEGISLATION

President Obama has released legislative and budget proposals that would, among other things, subject interest on tax-exempt bonds (including the 2013 Series A Bonds and other tax-exempt obligations of MEAN) to a federal income tax for taxpayers with incomes above certain thresholds. Additional proposals affecting tax-exempt interest may be considered from time to time which could limit the availability of or eliminate federally tax-exempt interest on tax-exempt bonds. Neither house of Congress has passed any such proposal, and it is not possible to predict whether President Obama's, or another proposal with similar effects, will be enacted into law. If enacted into law, such a proposal could adversely affect the ability of MEAN to finance and/or refinance projects on favorable tax-exempt terms. Prospective purchasers of the 2013 Series A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

SECONDARY MARKET

There can be no guarantee that there will be a secondary market for the 2013 Series Bonds or, if a secondary market exists, that the 2013 Series Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONTINUING DISCLOSURE

MEAN has undertaken for the benefit of the Owners and the beneficial owners of the 2013 Series Bonds to provide to the Municipal Securities Rulemaking Board ("*MSRB*") via its Electronic Municipal Market Access website at www.emma.msrb.org (i) certain annual financial information and operating data and (ii) notice of certain events to, all in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended (the "*Rule*"). MEAN is the only "Obligated Person" with respect to the 2013 Series

Bonds within the meaning of the Rule. See APPENDIX C for the form of the Continuing Disclosure Undertaking that will be executed and delivered by MEAN (the “*Undertaking*”).

A failure by MEAN to comply with the Undertaking will not constitute an Event of Default under the Resolution and the Owners of the 2013 Series Bonds are limited to the remedies described in the Undertaking. A failure by MEAN to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2013 Series Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2013 Series Bonds and their market price.

MEAN does not believe it has failed to comply, in all material respects, with its previous undertakings under the Rule.

LITIGATION

There is no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization, or existence of MEAN or the operation of the Power Supply System; or the titles of its officers to their respective offices; or seeking to restrain or enjoin the issuance, sale, or delivery of the 2013 Series Bonds; or directly or indirectly contesting or affecting the proceedings or the authority by which the 2013 Series Bonds are issued; or the validity of the 2013 Series Bonds or the issuance thereof; or the validity of the Pooling Agreements or the Long-Term Power Supply Contracts.

SPP SETTLEMENT AGREEMENT

In January 2012, SPP alleged that MEAN had been improperly using its network integration transmission service to serve load other than its designated network load and had failed to properly reserve, schedule and pay for point-to-point transmission service for these deliveries during the period spanning February 2010 through January 2012, in violation of SPP’s regional Open Access Transmission Tariff. Although MEAN denied any tariff violation, MEAN modified its practices to address SPP’s allegations. MEAN has entered into a settlement agreement with SPP (the “*SPP Settlement Agreement*”) that provides for the payment of a settlement amount in the approximate amount of \$6.3 million in respect of MEAN’s allegedly improper use of network integration transmission service from SPP during the period from February 1, 2010 through January 31, 2012. The SPP Settlement Agreement is subject to review and approval by FERC. While MEAN expects that the SPP Settlement Agreement will be approved or accepted by FERC, it is possible that FERC could reject the SPP Settlement Agreement. It is also possible that FERC may conduct its own investigation. While MEAN would vigorously defend itself, an independent investigation or adverse decision by FERC could involve charges and penalties that would have a negative impact on MEAN’s financial results. See Note 12 to the Financial Statements of MEAN included in APPENDIX A hereto.

INDEPENDENT AUDITORS

The financial statements of MEAN as of March 31, 2012 and 2011, and for the years then ended, included in this Official Statement have been audited by BKD, LLP, as stated in their report in APPENDIX A of this Official Statement. MEAN did not request that BKD, LLP perform any updating procedures subsequent to the date of BKD, LLP's audit report on the March 31, 2012 and 2011 financial statements.

FINANCIAL ADVISOR

Public Financial Management, Inc. ("*PFM*"), Orlando, Florida, is serving as financial advisor to MEAN with respect to the sale of the 2013 Series Bonds. The financial advisor assisted in preparing this Official Statement and in other matters relating to the planning, structuring and issuance of the 2013 Series Bonds and provided other advice. PFM will not participate as an underwriter in any offer to purchase the 2013 Series Bonds.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the 2013 Series Bonds are subject to the approval of Chapman and Cutler LLP, Bond Counsel to MEAN. Certain matters will be passed upon for MEAN by Gilmore & Bell, P.C. and by Chris Dibbern, general counsel to MEAN, including an opinion as to the validity and enforceability of the Long-Term Power Supply Contracts. Certain matters will be passed upon for the Underwriters by Gilmore & Bell, P.C.

The approving opinion of Bond Counsel in the form set forth in APPENDIX D to this Official Statement will be delivered with the 2013 Series Bonds.

TAX MATTERS

2013 SERIES A BONDS FEDERAL TAX TREATMENT

Federal tax law contains a number of requirements and restrictions which apply to the 2013 Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of 2013 Series A Bond proceeds and the facilities financed therewith, and certain other matters. MEAN has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2013 Series A Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2013 Series A Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2013 Series A Bonds.

Subject to MEAN's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2013 Series A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the 2013 Series A Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax-exempt interest, including interest on the 2013 Series A Bonds.

In rendering its opinion, Bond Counsel will rely upon certifications of MEAN with respect to certain material facts within MEAN’s knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2013 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2013 Series A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for each maturity of the 2013 Series A Bonds is the price at which a substantial amount of such maturity of the 2013 Series A Bonds is first sold to the public. The Issue Price of a maturity of the 2013 Series A Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the 2013 Series A Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2013 Series A Bonds (the “OID 2013 Series A Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID 2013 Series A Bond in the initial public offering at the Issue Price for such maturity and who holds such OID 2013 Series A Bond to its stated maturity, subject to the condition that MEAN complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID 2013 Series A Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID 2013 Series A Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID 2013 Series A Bonds should consult their own tax advisors

with respect to the state and local tax consequences of original issue discount on such OID 2013 Series A Bonds.

Owners of 2013 Series A Bonds who dispose of 2013 Series A Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2013 Series A Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2013 Series A Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2013 Series A Bond is purchased at any time for a price that is less than the 2013 Series A Bond's stated redemption price at maturity or, in the case of an OID 2013 Series A Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a 2013 Series A Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2013 Series A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID 2013 Series A Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2013 Series A Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2013 Series A Bonds.

An investor may purchase a 2013 Series A Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "2013 Series A Bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2013 Series A Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized 2013 Series A Bond premium relating to a tax-exempt 2013 Series A Bond. The amortized 2013 Series A Bond premium is treated as a reduction in the tax-exempt interest received. As 2013 Series A Bond premium is amortized, it reduces the investor's basis in the 2013 Series A Bond. Investors who purchase a 2013 Series A Bond at a premium should consult their own tax advisors regarding the amortization of 2013 Series A Bond premium and its effect on the 2013 Series A Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2013 Series A Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2013 Series A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to 2013 Series A Bonds issued prior to enactment. Prospective purchasers of the 2013 Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2013

Series A Bonds. If an audit is commenced, under current procedures the Service may treat MEAN as a taxpayer and the 2013 Series A Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2013 Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2013 Series A Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2013 Series A Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2013 Series A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

2013 SERIES B BONDS FEDERAL TAX TREATMENT

Interest on the 2013 Series B Bonds is includible in gross income for federal income purposes. Ownership of the 2013 Series B Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their tax advisors with respect to the inclusion of interest on the 2013 Series B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

MEAN may deposit moneys or securities with the Trustee in escrow in such amount and manner as to cause the 2013 Series B Bonds to be deemed to be no longer outstanding under the Resolution (a “*defeasance*”). A defeasance of the 2013 Series B Bonds may be treated as an exchange of the 2013 Series B Bonds by the holders thereof and may therefore result in gain or loss to the holders. Bondholders should consult their own tax advisors about the consequences if any of such a defeasance. MEAN is required to provide notice of defeasance of the 2013 Series B Bonds as a material event under its Continuing Disclosure Undertaking.

Certain maturities of the Bonds may be sold with original issue discount. Generally, original issue discount is taxed as it accrues. Bondholders should consult their tax advisors concerning the computation of original issue discount accruing in each tax year.

NEBRASKA INCOME TAX TREATMENT

In the opinion of Bond Counsel, under the existing laws of the State of Nebraska, as presently enacted and construed, interest on the 2013 Series A Bonds is exempt from Nebraska state income taxation. Ownership of the 2013 Series A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2013 A Series Bonds. Prospective purchasers of the 2013 Series A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Bond Counsel expresses no opinion concerning whether interest on the 2013 Series B Bonds is exempt from Nebraska state income taxation. Prospective purchasers of the 2013

Series B Bonds should consult their own tax advisors concerning the treatment of interest under Nebraska law.

BOND RATINGS

As of the date of this Official Statement, Standard & Poor's Public Finance Ratings, a division of The McGraw-Hill Companies Inc. ("*S&P*") and Fitch Ratings ("*Fitch*") have assigned municipal bond ratings to the 2013 Series Bonds of "A" and "A," respectively.

Such ratings assigned to the 2013 Series Bonds do not constitute a recommendation by such rating agency to buy, sell or hold the 2013 Series Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from that rating agency, S&P at 55 Water Street, New York, NY 10041-0003 or Fitch at One State Street Plaza, New York, NY 10004. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There can be no assurance that any ratings assigned to the 2013 Series Bonds will be maintained for any period of time or that such ratings may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such ratings may have an adverse effect on the market price of the 2013 Series Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

UNDERWRITING

MEAN has entered into a Bond Purchase Agreement dated the date of this Official Statement (the "*Bond Purchase Agreement*") with Citigroup Global Markets Inc., as representative of the underwriters listed on the cover page of this Official Statement (the "*Underwriters*"). The Bond Purchase Agreement provides for the purchase and sale of all of the 2013 Series Bonds, subject to various terms and conditions set forth therein.

The Underwriters have agreed to purchase all of the 2013 Series A Bonds from MEAN at a purchase price of \$34,995,765.02 (representing the principal amount of the 2013 Series A Bonds, plus a net original issue premium of \$2,693,635.35, less an underwriting discount of \$127,870.33) and all of the 2013 Series B Bonds from MEAN at a purchase price of \$6,776,512.24 (representing the principal amount of the 2013 Series B Bonds, less an underwriting discount of \$18,487.76). The Underwriters have advised MEAN that the 2013 Series Bonds may be offered and sold to certain dealers at prices lower than the initial public offering prices reflected on the cover page of this Official Statement and that such public offering prices may be changed from time to time.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. distributes municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Citigroup Global Markets Inc. may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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APPENDIX A

**FINANCIAL STATEMENTS OF MEAN
FOR THE FISCAL YEARS ENDED MARCH 31, 2012 AND 2011**

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Municipal Energy Agency of Nebraska

Accountants' Report and Financial Statements

March 31, 2012 and 2011



Municipal Energy Agency of Nebraska
March 31, 2012 and 2011

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
Municipal Energy Agency of Nebraska
Lincoln, Nebraska

We have audited the accompanying basic financial statements of Municipal Energy Agency of Nebraska ("MEAN") as of and for the years ended March 31, 2012 and 2011 as listed in the table of contents. These financial statements are the responsibility of MEAN's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Municipal Energy Agency of Nebraska as of March 31, 2012 and 2011, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKD, LLP

July 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis of Municipal Energy Agency of Nebraska's (MEAN) financial performance provides an overview of MEAN's financial activities for the years ended March 31, 2012, 2011 and 2010. Please read this information in conjunction with the accompanying financial highlights, the basic financial statements and notes to the financial statements.

Financial Analysis

The following comparative condensed financial statements summarize MEAN's financial position and operating results for the years ended March 31, 2012, 2011 and 2010.

Condensed Balance Sheets

	March 31,			Variance 2012 to 2011	Variance 2011 to 2010
	2012	2011	2010		
Assets					
Current assets	\$ 38,073,810	\$ 57,667,561	\$ 48,610,681	\$ (19,593,751)	\$ 9,056,880
Capital assets and productive capacity	154,387,076	153,955,164	160,034,899	431,912	(6,079,735)
Restricted and long-term investments	27,583,885	26,435,676	29,310,737	1,148,209	(2,875,061)
Other	33,899,136	27,585,757	21,612,519	6,313,379	5,973,238
Total assets	<u>\$253,943,907</u>	<u>\$265,644,158</u>	<u>\$259,568,836</u>	<u>\$ (11,700,251)</u>	<u>\$ 6,075,322</u>
Liabilities and Net Assets					
Current liabilities	\$ 14,377,722	\$ 21,309,207	\$ 18,561,404	\$ (6,931,485)	\$ 2,747,803
Long-term debt	165,712,575	169,885,747	171,793,710	(4,173,172)	(1,907,963)
Deferred revenue - rate stabilization	17,327,710	19,354,000	14,150,000	(2,026,290)	5,204,000
Total liabilities	<u>197,418,007</u>	<u>210,548,954</u>	<u>204,505,114</u>	<u>(13,130,947)</u>	<u>6,043,840</u>
Net assets					
Invested in capital assets, net of related debt	20,033,731	10,180,515	8,369,473	9,853,216	1,811,042
Restricted for debt service	6,159,963	1,660,718	1,555,961	4,499,245	104,757
Unrestricted	30,332,206	43,253,971	45,138,288	(12,921,765)	(1,884,317)
Total net assets	<u>56,525,900</u>	<u>55,095,204</u>	<u>55,063,722</u>	<u>1,430,696</u>	<u>31,482</u>
Total liabilities and net assets	<u>\$253,943,907</u>	<u>\$265,644,158</u>	<u>\$259,568,836</u>	<u>\$ (11,700,251)</u>	<u>\$ 6,075,322</u>

2012 and 2011 Financial Highlights

- Current assets were used during 2012 for a bond refunding, in the construction of MEAN's new corporate headquarters and to purchase an additional 2 MW interest in the Walter Scott Energy Center Unit 4 (WSEC4) generation plant. The change in current assets in 2011 is primarily due to the change in maturities in MEAN's investment portfolio, as reflected in the changes in restricted and long-term investments category.
- Construction on MEAN's new corporate headquarters began in 2012 resulting in an increase in capital assets. Productive capacity was increased by the purchase of an additional 2 MW interest in WSEC4 in 2012; however, depreciation charges exceeded capital additions as shown in Note 4. The decrease in capital assets and productive capacity in 2011 is the result of depreciation charges exceeding capital additions as shown in Notes 3 and 4.
- The increase in other assets is primarily due to the deferred costs permitted under Financial Accounting Standard Board Accounting Standards Codification 980, *Regulated Operations*.
- The bond refunding during 2012 resulted in decreased current liabilities. Current liabilities increased in 2011 as a result of additional trading activity to serve member energy requirements.
- MEAN issued Power Supply System Revenue Refunding Bonds Series A in February 2012 which resulted in a decline in long-term debt. Long-term debt decreased in 2011 as a result of scheduled principal payments.
- Deferred revenues – rate stabilization fluctuated as a result of activity in the Rate Stabilization Fund which is described further in "Risk Management Practices".

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	March 31,			Variance 2012 to 2011	Variance 2011 to 2010
	2012	2011	2010		
Sales volumes (MWh's)	3,282,000	3,146,000	3,004,000	136,000	142,000
Electric energy sales and other operating revenues	\$160,650,353	\$150,221,779	\$135,567,863	\$ 10,428,574	\$ 14,653,916
Transfer (provision) for rate stabilization	2,026,290	(5,204,000)	(3,900,000)	7,230,290	(1,304,000)
Total operating revenues	162,676,643	145,017,779	131,667,863	17,658,864	13,349,916
Electric energy costs	146,143,493	128,925,463	116,465,961	17,218,030	12,459,502
Other operating expenses	12,603,337	13,062,966	12,206,956	(459,629)	856,010
Total operating costs and expenses	158,746,830	141,988,429	128,672,917	16,758,401	13,315,512
Operating income	3,929,813	3,029,350	2,994,946	900,463	34,404
Other expense, net	(2,499,117)	(2,997,868)	(2,895,898)	498,751	(101,970)
Increase in net assets	\$ 1,430,696	\$ 31,482	\$ 99,048	\$ 1,399,214	\$ (67,566)

2012 and 2011 Financial Highlights

Operating Revenues

- In 2012 and 2011, electric energy sales and other operating revenues increased due to higher demand and electric energy sales revenues from MEAN's total requirements participants. Interchange sales also increased during 2012 and 2011. MWh's delivered in 2012 increased 5% compared to 2011 and MWh's delivered in 2011 increased 4% compared to 2010.
- For 2012, the Board of Directors authorized the transfer of \$5,026,290 from the rate stabilization fund and a year end transfer into the fund of \$3,000,000 for rate stabilization purposes. For 2011, the Board of Directors authorized the transfer of \$1,696,000 from the rate stabilization fund and a year end transfer into the fund of \$6,900,000 for rate stabilization purposes.

Operating Costs and Expenses

- Electric energy costs vary from year to year due to changes in demand for energy by both members and other buying entities. Purchases are made from the market to optimize MEAN's market position. Electric energy costs primarily increased in 2012 as a result of Whelan Energy Center Unit 2 beginning commercial operation on May 1, 2011. MEAN also had higher fuel costs for its generating facilities in 2012.

Capital Assets and Productive Capacity

MEAN's investment in productive capacity consists primarily of its ownership interest in two power generation plants: 1) a 6.92% ownership interest in the Walter Scott Energy Center Unit 4 (WSEC 4) generation plant, located in Council Bluffs, Iowa and 2) a 23.5% ownership interest in the Black Hills Wyoming, Inc. Wygen Unit 1 (Wygen 1) generation plant, located near Gillette, WY.

Property and equipment includes MEAN's home office building and furniture, fixtures and equipment.

Financing Activity

In February 2012, MEAN issued Power Supply System Revenue Refunding Bonds in the amount of \$63,870,000 to advance refund \$60,140,000 of outstanding 2003 Series A bonds and current refund \$13,880,000 of outstanding 2002 Series A Bonds.

During the bond issuance process, Standard and Poor's (S&P) assigned an A/stable rating, Moody's assigned an A2/stable rating and Fitch assigned an A/stable rating, to the 2012 Series A bonds. Additionally, all agencies affirmed these ratings on MEAN's other outstanding debt. These high ratings indicate the agencies' assessment of MEAN's ability to pay interest and principal on its debt based on MEAN's financial strength and business characteristics as a public power provider. MEAN's 2009 Series A and 2003 Series A bonds are insured by a financial guaranty bond insurance policy.

MEAN is required by its bond covenants to maintain a debt service coverage of 1.0 times. Debt service coverage was 2.00, 1.54 and 1.23 for 2012, 2011 and 2010, respectively. Debt service coverage increased in 2012 as a result of the bond refunding in February 2012.

General Trends and Significant Events

The power market pricing has been lower due to the large domestic supply of natural gas created by new drilling techniques. MEAN has used this opportunity to purchase power at market prices below the variable cost of MEAN's coal fired generation units, thus reducing the output of MEAN's coal fired generation units.

MEAN joined together with four other public power entities to form the Public Power Generation Agency (PPGA), a non-profit governmental entity formed under the Nebraska Interlocal Cooperation Act. PPGA developed, constructed and is operating the Whelan Energy Center 2 (WEC 2), a 220 MW coal-fired generating unit. WEC 2 is operated under Best Available Control Technology standards. WEC 2 was built adjacent to the existing 77 MW Whelan Energy Center 1 unit near Hastings, Nebraska. WEC 2 began commercial operations on May 1, 2011.

MEAN's coal fired generation units, WSEC 4 and Wygen 1, are also equipped with current Best Available Control Technology that combines lowest emissions with a long-term baseload energy resource.

MEAN continues to monitor the development and implementation of new or modified environmental regulations (See Note 11).

MEAN has 10.5 MW's of wind energy generated from its wind farm located near Kimball, NE. MEAN has also contracted for the purchase of 33 MW's of wind energy from other wind energy producers in the region. With the addition of these contracts, wind represents 6% of MEAN's total requirements participants' energy needs. In addition to the wind energy, MEAN has contracted for 6 MW's fueled by landfill gas.

MEAN continues to review renewable energy projects that are of strategic interest. The federal stimulus activity and renewable energy proposals and directives have resulted in challenging dynamics to satisfy member and legislative requirements.

Risk Management Practices

MEAN is subject to various risks inherent in the electric energy business, including market risks, operating risk, regulatory and political risks, credit risk, interest risk and insurance risk.

As a means of identifying, measuring, managing and mitigating these various risks, MEAN has developed financial and operating policies and guidelines, which have been approved by the Board of Directors.

One of MEAN's management tools was the creation of a Rate Stabilization Account, within the General Reserve Fund as a means of maintaining stable electric rates for its member communities. This funded reserve is intended to minimize the impact on rates from significant occurrences such as the loss of generation capacity or periods of high replacement power costs. In 2012, there was a net transfer from the Rate Stabilization Account of \$2,026,290, a net transfer to the account of \$5,204,000 in 2011 and a net transfer to the account of \$3,900,000 in 2010.

As a means of stabilizing its rate structure, MEAN has elected to defer certain costs related to its investment in the WSEC 4 and Wygen 1 generating plants as allowed by FASB ASC 980. These deferred costs, primarily depreciation and interest, will be charged to expense in future years.

Summary of the Financial Statements

The financial statements, related notes and management's discussion and analysis provide information about MEAN's financial position and activities. The balance sheets present MEAN's assets, liabilities and net assets. The statements of revenues, expenses and changes in net assets present MEAN's operating results and changes in net assets. The statements of cash flows provide information about the flow of cash within MEAN by activity. The notes to the financial statements provide additional disclosures and information that is essential to a full understanding of the data provided in the statements.

Report of Management

MEAN has prepared and is responsible for the financial statements and related information included in this report. Management believes that its policies and procedures provide guidance and reasonable assurance that MEAN's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of MEAN in conformity with accounting principles generally accepted in the United States of America. This annual financial report is also available via the internet at www.nmppenergy.org. If you have questions about this report or need additional financial information, contact our Director, Finance and Accounting, at the address shown below.

Municipal Energy Agency of Nebraska
1111 'O' Street, Suite 200
Lincoln, Nebraska 68508-3614
(402) 474-4759
www.nmppenergy.org

Municipal Energy Agency of Nebraska
Balance Sheets
March 31, 2012 and 2011

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,441,506	\$ 23,701,330
Short-term investments	6,572,869	13,589,235
Accounts receivable	14,407,679	14,941,960
Prepaid expenses and other	357,132	333,124
Productive capacity operating assets	6,294,624	5,101,912
Total current assets	38,073,810	57,667,561
Noncurrent Assets		
Long-term investments	14,736,944	17,368,020
Restricted investments	12,846,941	9,067,656
Contracts receivable	66,251	34,385
Productive capacity, net	150,167,638	152,614,746
Capital assets, net	4,219,438	1,340,418
Deferred financing costs	5,713,271	5,479,518
Costs recoverable from future billings	27,106,609	20,918,999
Other deferred charges	1,013,005	1,152,855
Total noncurrent assets	215,870,097	207,976,597
Total assets	\$253,943,907	\$265,644,158
Liabilities		
Current Liabilities		
Current maturities of long-term debt	\$ 1,235,000	\$ 2,745,000
Accounts payable and accrued expenses	10,142,137	14,004,923
Accrued interest payable	3,000,585	4,559,284
Total current liabilities	14,377,722	21,309,207
Long-term Debt		
Project revenue bonds	163,035,000	174,420,000
Unamortized cost of refunded debt	(7,568,471)	(5,048,539)
Unamortized premium	10,246,046	514,286
Total long-term debt	165,712,575	169,885,747
Deferred Revenue - Rate Stabilization	17,327,710	19,354,000
Net Assets		
Invested in capital assets, net of related debt	20,033,731	10,180,515
Restricted for debt service	6,159,963	1,660,718
Unrestricted	30,332,206	43,253,971
Total net assets	56,525,900	55,095,204
Total liabilities and net assets	\$253,943,907	\$265,644,158

Municipal Energy Agency of Nebraska
Statements of Revenues, Expenses and
Changes in Net Assets
Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Electric energy sales	\$159,908,064	\$149,300,080
Transfer (provision) for rate stabilization	2,026,290	(5,204,000)
Other	<u>742,289</u>	<u>921,699</u>
Total operating revenues	<u>162,676,643</u>	<u>145,017,779</u>
Operating Expenses		
Electric energy costs	146,143,493	128,925,463
Administrative and general	4,850,845	5,443,440
Depreciation and amortization	<u>7,752,492</u>	<u>7,619,526</u>
Total operating expenses	<u>158,746,830</u>	<u>141,988,429</u>
Operating Income	<u>3,929,813</u>	<u>3,029,350</u>
Nonoperating Revenues (Expenses)		
Net costs to be recovered in future periods	6,187,610	6,107,813
Investment return	796,524	961,311
Interest expense	(8,896,002)	(9,124,217)
Amortization of deferred bond issuance costs	(1,134,237)	(1,100,264)
Other	<u>546,988</u>	<u>157,489</u>
Net nonoperating expenses	<u>(2,499,117)</u>	<u>(2,997,868)</u>
Increase in Net Assets	1,430,696	31,482
Net Assets, Beginning of Year	<u>55,095,204</u>	<u>55,063,722</u>
Net Assets, End of Year	<u>\$ 56,525,900</u>	<u>\$ 55,095,204</u>

Municipal Energy Agency of Nebraska
Statements of Cash Flows
Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Activities		
Cash received from customers	\$ 161,118,359	\$ 152,182,650
Cash paid to suppliers and employees	(151,496,734)	(126,820,143)
Cash paid to coalition members	(4,550,709)	(4,537,271)
	<u>5,070,916</u>	<u>20,825,236</u>
Net cash provided by operating activities		
Noncapital Financing Activities, Other Nonoperating Receipts	<u>260,091</u>	<u>154,489</u>
Capital and Related Financing Activities		
Principal payments on long-term debt	(2,745,000)	(2,620,000)
Transfer to bond refunding agent	(5,584,811)	-
Additions of productive capacity	(5,155,354)	(1,394,740)
Proceeds from sale of capital assets	1,332,880	3,000
Purchase of capital assets	(4,075,034)	(137,382)
Interest paid	(9,047,593)	(9,186,056)
Other	11,393	85,049
	<u>(25,263,519)</u>	<u>(13,250,129)</u>
Net cash used in capital and related financing activities		
Investing Activities		
Interest received on investments	721,358	830,462
Purchases of investments	(20,443,780)	(25,212,000)
Proceeds from sales and maturities of investments	26,395,110	27,004,530
	<u>6,672,688</u>	<u>2,622,992</u>
Net cash provided by investing activities		
Increase (Decrease) in Cash and Cash Equivalents	(13,259,824)	10,352,588
Cash and Cash Equivalents, Beginning of Year	<u>23,701,330</u>	<u>13,348,742</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,441,506</u>	<u>\$ 23,701,330</u>

Municipal Energy Agency of Nebraska
Statements of Cash Flows - Continued
Years Ended March 31, 2012 and 2011

	2012	2011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 3,929,813	\$ 3,029,350
Depreciation and amortization	7,752,492	7,619,526
(Transfer) provision for rate stabilization	(2,026,290)	5,204,000
Changes in operating assets and liabilities		
Accounts receivable	526,273	1,745,775
Productive capacity operation assets	(1,192,712)	254,726
Prepaid expenses and other	(24,008)	105,628
Contracts receivable	(31,866)	(13,725)
Accounts payable and accrued expenses	(3,862,786)	2,879,956
Net Cash Provided by Operating Activities	\$ 5,070,916	\$ 20,825,236

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Municipal Energy Agency of Nebraska (MEAN or Agency) was created pursuant to provisions of the Municipal Cooperative Financing Act (Act). MEAN, pursuant to the Act, is a political subdivision of the State of Nebraska providing power supply, energy transmission, and exchange of electrical power to its member municipalities and other nonmember participants.

Reporting Entity

In evaluating how to define the Agency, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Agency's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Agency and (3) the entity's fiscal dependency on the Agency.

MEAN, Nebraska Municipal Power Pool (POOL), National Public Gas Agency (NPGA) and Public Alliance for Community Energy (ACE), comprise a coalition referred to by the trade name NMPP Energy. This coalition of entities provides energy-related services to member and nonmember participants while sharing facilities and management personnel. None of the organizations included in NMPP Energy are responsible for the obligations, liabilities or debts of any of the other organizations in the coalition. Based upon the above criteria, none of the organizations are considered component units of any of the other associated organizations.

Basis of Accounting and Presentation

MEAN's activities are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. MEAN's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). MEAN's accounting policies also conform to the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, *Regulated Operations*. Accordingly, ASC 980 permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rates charged to its customers.

MEAN prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, MEAN has elected to apply the provisions of all relevant pronouncements of the FASB that were issued on or before November 30, 1989, to the extent they do not conflict with or contradict GASB pronouncements.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results may differ from those estimates.

Cash Equivalents

MEAN considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. At March 31, 2012, cash equivalents consisted primarily of money market mutual funds. At March 31, 2011, cash equivalents consisted primarily of money market mutual funds and repurchase agreements.

Investments and Investment Income

MEAN maintains various debt service reserve accounts that are available for use to pay off debt. The reserve accounts consist of bank deposits and investments. Investments in money market mutual funds, U.S. agency obligations and other debt securities are carried at fair value. Fair value is determined using quoted market prices. Investments in repurchase agreements are carried at cost. Investment income consists of interest income and the net change for the year in the fair value of investments.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are charged off as they are deemed uncollectible. MEAN does not believe an allowance for doubtful accounts is necessary at March 31, 2012 and 2011, as there were no delinquent accounts.

Productive Capacity Operating Assets

Productive capacity operating assets related to the operation of Laramie River Station (LRS), Walter Scott Energy Center Unit 4 (WSEC 4) and Black Hills Wyoming's Wygen Unit 1 (Wygen 1) are comprised of operating assets, primarily fuel and supplies inventories, and operating cash. These assets are managed by the operating agent of each respective project. Supply of electricity and associated revenues and expenses related to MEAN's participation in LRS, WSEC 4 and Wygen 1 are included in the corresponding operating revenue and expense classifications in the statements of revenues, expenses and changes in net assets.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Productive Capacity

Productive capacity includes the costs incurred for:

- A 1.67% ownership interest in the 1,679 MW coal fired LRS generation unit in eastern Wyoming.
- Ownership of a 10.5 MW wind farm near Kimball, Nebraska.
- A 6.92% ownership interest in the 808 MW coal fired WSEC 4 generation unit in Council Bluffs, Iowa.
- A 23.5% ownership interest in the 85 MW coal fired Wygen 1 generation unit located near Gillette, Wyoming.

Productive capacity costs are being amortized on both a sinking fund method and on the straight-line basis over the estimated life of the various projects.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by MEAN:

Building and improvements	7 – 30 Years
Furniture, equipment and transportation equipment	3 – 7 Years

Deferred Financing Costs

Bond issue costs incurred on the revenue bond issues have been deferred and are primarily being amortized over the life of the bonds on a straight-line basis.

Costs Recoverable from Future Billings

Certain income and expense items which would be recognized during the current period are deferred and not included in the determination of net income until such costs are recoverable, in accordance with ASC 980. This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Deferred Revenue - Rate Stabilization

MEAN's Board of Directors established a rate stabilization account within the general reserve fund pursuant to the provisions in the 2003 power supply system revenue bond resolution and related supplemental resolutions to assist in maintaining stable electric rates for its member communities. Electric energy revenues of \$3,000,000 and \$6,900,000 were transferred into the rate stabilization account in 2012 and 2011, respectively. In addition, transfers of \$5,026,290 in 2012 and \$1,696,000 in 2011 were made out of the rate stabilization account. As of March 31, 2012 and 2011, \$17,327,710 and \$19,354,000, respectively, are shown as deferred revenue - rate stabilization on the accompanying balance sheets.

Unamortized Cost of Refunded Debt

Costs incurred in connection with the refinancing of various bond issuances are being amortized over the life of the related bonds. Amortization is included in operating costs and expenses as of March 31, 2012 and 2011.

Net Asset Classification

Net assets are required to be classified into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation, and costs recoverable from future billings reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt.

Restricted - This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is MEAN's policy to use restricted resources first, then unrestricted as they are needed.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Income Taxes

In accordance with certain provisions of the Internal Revenue Code and the Act and related governing laws and regulations, MEAN, as a local governmental entity, is exempt from federal and state income taxes.

Classification of Revenues

Operating revenues include revenues resulting from provision and delivery of electric supplies to customers. Nonoperating revenues include those derived from capital and related financing, noncapital financing and investing activities.

Rates

MEAN annually determines its wholesale electric service rates to recover costs of providing power supply services. Rates and charges for providing wholesale power supply are reviewed annually and adopted by MEAN's Board of Directors. The Electrical Resources Pooling Agreement provides for a Management Committee which sets certain rates based on the budget adopted by MEAN's Board of Directors. Power supply services provided by MEAN are not subject to state or Federal regulation.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation. These reclassifications had no effect on the change in net assets.

Note 2: Deposits, Investments and Investment Return

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. MEAN's deposit policy for custodial credit risk requires compliance with the provisions of state law. State statutes require banks either to give bond or to pledge government securities to MEAN in the amount of MEAN's deposits. Pursuant to legislation enacted in 2010, the Federal Deposit Insurance Corporation (FDIC) will fully insure all noninterest-bearing transaction accounts through December 31, 2012, at all FDIC insured institutions. Interest-bearing cash accounts, including certificates of deposit, are insured up to \$250,000 per institution by the FDIC.

Municipal Energy Agency of Nebraska
Notes to Financial Statements
March 31, 2012 and 2011

Note 2: Deposits, Investments and Investment Return - Continued

Investments

MEAN's investing is performed in accordance with the investment policy adopted by its Board of Directors and applicable state statutes. MEAN may invest in U.S. Treasury and U.S. agency securities, certificates of deposit, time deposits, banker's acceptances, commercial paper, municipal bonds, and investment contracts. In the event that secured investment opportunities arise, other than those specified above, investment consent is required through the approval of two of the following: the Chair of the Board of Directors, Secretary-Treasurer of the Board of Directors or the MEAN Executive Director.

At March 31, 2012 and 2011, MEAN had the following investments, maturities and credit ratings:

	Fair Value	Maturities in Years			Credit Rating Moody's/ S&P
		Less Than 1	1 - 5	6 - 10	
March 31, 2012					
Cash held at trustee	\$ 791,723	\$ 791,723	\$ -	\$ -	N/A
Money market mutual funds - US agencies	6,127,906	6,127,906	-	-	Aaa-mf/AAAm
US agency obligations	14,282,104	-	7,550,063	6,732,041	Aaa/AA+
Negotiable certificates of deposit	17,875,553	6,572,869	11,302,684	-	Not rated
Corporate bond (variable interest rate)	1,500,000	1,500,000	-	-	Not rated
	<u>\$ 40,577,286</u>	<u>\$ 14,992,498</u>	<u>\$ 18,852,747</u>	<u>\$ 6,732,041</u>	
March 31, 2011					
Cash held at trustee	\$ 1,094,032	\$ 1,094,032	\$ -	\$ -	N/A
Repurchase agreements	14,373,983	14,373,983	-	-	Not rated
Money market mutual funds - US agencies	8,746,081	8,746,081	-	-	Aaa-mf/AAAm
US agency obligations	9,883,654	-	7,492,380	2,391,274	Aaa/AAA
Negotiable certificates of deposit	28,099,050	13,589,235	14,509,815	-	Not rated
Corporate bond (variable interest rate)	1,500,000	1,500,000	-	-	Not rated
	<u>\$ 63,696,800</u>	<u>\$ 39,303,331</u>	<u>\$ 22,002,195</u>	<u>\$ 2,391,274</u>	

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MEAN's investment policy does not place a limit on the amount that may be invested in any one maturity category. The money market mutual funds and repurchase agreements are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Municipal Energy Agency of Nebraska
Notes to Financial Statements
March 31, 2012 and 2011

Note 2: Deposits, Investments and Investment Return – Continued

Investments - Continued

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. MEAN's investment policy establishes requirements for certain investment securities or issuers of securities to be rated at certain rates or higher. The following investment types must be rated at the minimum rates noted below:

Commercial paper	A-1, P-1
Municipal bonds	AA-

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, MEAN would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At March 31, 2012 and 2011, certain investments in U.S. agency obligations, negotiable certificates of deposit and corporate bonds are held in safekeeping in a broker account with MEAN's primary financial institution. Additionally, any investments held in trust at March 31, 2012 and 2011, are held in a book entry system in an account designated as a customer account at the Depository Trust Company and the custodian's internal records identifies MEAN as the owner. At March 31, 2011, all of the underlying securities for MEAN's investments in repurchase agreements are held by the counterparties in other than MEAN's name.

Concentration of Credit Risk - Concentration of credit risk is the risk associated with the amount of investments MEAN has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government are excluded from this requirement. MEAN's investment policy limits the amount of its investment portfolio that may be invested in any one issuer, other than U.S. government securities, to 10%. Allocation limits do not apply to the investment of proceeds from the issuance of debt as these investments are governed by the debt instrument. All of the money market mutual funds held at March 31, 2012 and 2011 are invested with MEAN's primary financial depository. This financial depository also serves as MEAN's Trustee and writer on the revolving line of credit discussed in Note 5.

	Portfolio Composition	
	March 31,	
	2012	2011
U.S. sponsored agency obligations		
Federal Farm Credit Bond	8.40 %	- %
Federal Home Loan Bank	10.75	6.04
Federal Home Loan Mortgage Corporation	9.99	-

Municipal Energy Agency of Nebraska
Notes to Financial Statements
March 31, 2012 and 2011

Note 2: Deposits, Investments and Investment Return - Continued

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets at March 31, 2012 and 2011 as follows:

	<u>2012</u>	<u>2011</u>
Carrying Value		
Deposits	\$ 4,020,974	\$ 29,441
Investments	<u>40,577,286</u>	<u>63,696,800</u>
	<u>\$ 44,598,260</u>	<u>\$ 63,726,241</u>

Included in the following balance sheet captions:

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and cash equivalents	\$ 10,441,506	\$ 23,701,330
Short-term investments	6,572,869	13,589,235
Noncurrent Assets		
Long-term investments	14,736,944	17,368,020
Restricted long-term investments	<u>12,846,941</u>	<u>9,067,656</u>
	<u>\$ 44,598,260</u>	<u>\$ 63,726,241</u>

Investment Return

Investment return for the years ended March 31, 2012 and 2011 consisted of interest income and the net change in fair value of investments carried at fair value of \$796,524 and \$961,311, respectively.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 3: Capital Assets

Capital assets at March 31, 2012 and 2011 consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
March 31, 2012				
Buildings and improvements	\$ 2,408,471	\$ 3,973,122	\$ (2,408,471)	\$ 3,973,122
Furniture, equipment and transportation equipment	2,300,709	101,912	(63,861)	2,338,760
	4,709,180	4,075,034	(2,472,332)	6,311,882
Less accumulated depreciation	(3,368,762)	(150,030)	1,426,348	(2,092,444)
Net capital assets	<u>\$ 1,340,418</u>	<u>\$ 3,925,004</u>	<u>\$ (1,045,984)</u>	<u>\$ 4,219,438</u>
March 31, 2011				
Buildings and improvements	\$ 2,384,120	\$ 24,351	\$ -	\$ 2,408,471
Furniture, equipment and transportation equipment	2,223,788	120,985	(44,064)	2,300,709
	4,607,908	145,336	(44,064)	4,709,180
Less accumulated depreciation	(3,187,059)	(225,483)	43,780	(3,368,762)
Net capital assets	<u>\$ 1,420,849</u>	<u>\$ (80,147)</u>	<u>\$ (284)</u>	<u>\$ 1,340,418</u>

Note 4: Productive Capacity

Productive capacity at March 31, 2012 and 2011 consisted of the following:

	Beginning Balance	Additions	Ending Balance
March 31, 2012			
Productive capacity	\$ 194,612,970	\$ 5,155,354	\$ 199,768,324
Less accumulated depreciation	(41,998,224)	(7,602,462)	(49,600,686)
Productive capacity, net	<u>\$ 152,614,746</u>	<u>\$ (2,447,108)</u>	<u>\$ 150,167,638</u>
March 31, 2011			
Productive capacity	\$ 193,218,230	\$ 1,394,740	\$ 194,612,970
Less accumulated depreciation	(34,604,180)	(7,394,044)	(41,998,224)
Productive capacity, net	<u>\$ 158,614,050</u>	<u>\$ (5,999,304)</u>	<u>\$ 152,614,746</u>

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 5: Credit Facility

MEAN has a \$9,500,000 revolving line of credit expiring October 31, 2013. During the years ended March 31, 2012 and 2011, no funds were advanced against the line. Interest varies at two percent (2%) above Daily One Month LIBOR in effect from time to time and is payable monthly.

Note 6: Long-term debt

The following is a summary of long-term debt transactions for the Agency for the year ended March 31, 2012:

Type of Debt	2012				
	April 1 2011	Additions	Reductions	March 31 2012	Due Within One Year
2.000% - 5.000% Power Supply System Revenue Refunding Bonds, Series 2012A. Interest due semi-annually on April 1 and October 1. Serial principal payments due annually April 1, 2013 through 2032. Redeemable at par on or after April 1, 2022.	\$ -	\$ 63,870,000	\$ -	\$ 63,870,000	\$ -
5.000% - 5.375% Power Supply System Revenue Refunding Bonds, Series 2009A. Interest due semi-annually on April 1 and October 1. Serial principal payments due annually on April 1 through 2024. Term payments due April 1, 2029 and 2039. Annual mandatory sinking fund payments 2029 through 2039. Serial bonds redeemable at par on or after April 1, 2019. Term bonds redeemable by operation of sinking fund installments at the principal amount thereof.	77,760,000	-	965,000	76,795,000	1,015,000
3.250% - 5.250% Power Supply System Revenue Bonds, Series 2003A. Interest due semi-annually on April 1 and October 1. Remaining serial principal payments due annually on April 1 through 2015. Term payments due April 1, 2033 and 2036. Annual mandatory sinking fund payments 2024 through 2036. Serial bonds redeemable at par on or after April 1, 2013. Term bonds redeemable by operation of sinking fund installments at the principal amount thereof. A portion of these bonds were refunded by the 2012A issuance.	83,955,000	-	60,350,000	23,605,000	220,000
5.000% - 5.500% Power Supply System Revenue Refunding Bonds, Series 2002A. Interest due semi-annually on April 1 and October 1. These bonds were refunded by the Series 2012A issuance.	15,450,000	-	15,450,000	-	-
Total long-term debt	\$ 177,165,000	\$ 63,870,000	\$ 76,765,000	\$ 164,270,000	\$ 1,235,000

Municipal Energy Agency of Nebraska
Notes to Financial Statements
March 31, 2012 and 2011

Note 6: Long-term debt - Continued

The following is a summary of long-term debt transactions for the Agency for the year ended March 31, 2011:

Type of Debt	2011				
	April 1 2010	Additions	Reductions	March 31 2011	Due Within One Year
5.000% - 5.375% Power Supply System Revenue Refunding Bonds, Series 2009A. Interest due semi-annually on April 1 and October 1. Serial principal payments due annually on April 1 through 2024. Term payments due April 1, 2029 and 2039. Annual mandatory sinking fund payments 2029 through 2039. Serial bonds redeemable at par on or after April 1, 2019. Term bonds redeemable by operation of sinking fund installments at the principal amount thereof.	\$ 78,680,000	\$ -	\$ 920,000	\$ 77,760,000	\$ 965,000
3.250% - 5.250% Power Supply System Revenue Bonds, Series 2003A. Interest due semi-annually on April 1 and October 1. Serial principal payments due annually on April 1 through 2023. Term payments due April 1, 2025, 2028, 2033 and 2036. Annual mandatory sinking fund payments 2024 through 2036. Serial bonds redeemable at par on or after April 1, 2013. Term bonds redeemable by operation of sinking fund installments at the principal amount thereof.	84,160,000	-	205,000	83,955,000	210,000
5.000% - 5.500% Power Supply System Revenue Refunding Bonds, Series 2002A. Interest due semi-annually on April 1 and October 1. Serial principal payments due annually on April 1 through 2027. Serial bonds redeemable at par on or after April 1, 2012.	16,945,000	-	1,495,000	15,450,000	1,570,000
Total long-term debt	<u>\$ 179,785,000</u>	<u>\$ -</u>	<u>\$ 2,620,000</u>	<u>\$ 177,165,000</u>	<u>\$ 2,745,000</u>

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 6: Long-term Debt - Continued

Future principal and interest payments required to be made in accordance with all of the long-term debt agreements at March 31, 2012 are as follows:

Year Ending March 31,	Principal	Interest	Total
2013	\$ 1,235,000	\$ 7,128,525	\$ 8,363,525
2014	3,005,000	8,183,719	11,188,719
2015	3,100,000	8,077,806	11,177,806
2016	3,220,000	7,959,031	11,179,031
2017	3,345,000	7,805,406	11,150,406
2018-2022	19,220,000	36,489,280	55,709,280
2023-2027	24,555,000	31,099,520	55,654,520
2028-2032	31,410,000	24,134,276	55,544,276
2033-2037	43,100,000	14,875,576	57,975,576
2038-2040	32,080,000	3,508,531	35,588,531
	<u>\$ 164,270,000</u>	<u>\$ 149,261,670</u>	<u>\$ 313,531,670</u>

The Power Supply System Revenue Bonds listed above are special obligations of MEAN payable solely from and secured solely by a pledge of the Revenues and certain other funds and amounts pursuant to each applicable Bond Resolution. The Revenues consist of all income from MEAN's Power Supply System.

Bond Refunding

On February 15, 2012, MEAN issued \$63,870,000 in Power Supply System Revenue Refunding Bonds, 2012 Series A with an average interest rate of 4.951 percent to advance refund \$60,140,000 of outstanding 2003 Series A bonds and current refund \$13,880,000 of outstanding 2002 Series A bonds. The refunded bonds had an average interest rate of 5.048 percent. The net proceeds of approximately \$73,240,000 (including net original issue premium of approximately \$9,811,000 and after payment of approximately \$440,000 in underwriting fees and other issuance costs) plus approximately \$5,585,000 of 2002 Series A and 2003 Series A debt service investments were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002 Series A and 2003 Series A bonds refunded. As a result, the 2002 Series A bonds totaling \$13,880,000 and \$60,140,000 of the outstanding 2003 Series A bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3.4 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized and charged to operations through the fiscal year 2032 on a straight-line basis. MEAN completed the refunding to reduce its total debt service payments over the next 21 years by approximately \$11.7 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$8.7 million.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 7: Electric Energy Sales

Electric energy sales for the years ended March 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Long-term total requirements	\$ 84,196,013	\$ 77,778,093
Limited-term total requirements	30,375,324	29,955,751
Market based firm sales	7,103,048	8,434,492
Service power	9,696,176	7,201,735
Interchange sales	28,537,503	25,930,009
	<u>\$ 159,908,064</u>	<u>\$ 149,300,080</u>

MEAN has entered into 68 Electrical Resources Pooling Agreements which consist of Nebraska, Colorado, Iowa and Wyoming municipalities; a public power district in Nebraska; and a power authority in Colorado. Fifty-three participants have entered into long-term total requirement contracts. The total requirement contracts extend through the final maturity of MEAN's outstanding long-term debt.

Note 8: Power Supply Commitments

Pooling Agreements

Electrical Resources Pooling Agreements allow for the purchase and sale of energy between MEAN and other power project participants at both fixed and variable rates under the applicable service schedules. Sixty-two bulk participants and six service participants have executed these agreements.

By execution of the Electrical Resources Pooling Agreements, 26 participants have committed total capacity and energy output (approximately 132.0 MW) to MEAN. The total capacity and energy output agreements provide that MEAN will pay a fixed cost based upon each member's accredited capability of producing power at rates established by MEAN's Board of Directors. MEAN will also pay a proportionate share of generation costs based on energy actually delivered at rates established by the MEAN Board of Directors. The remaining participants who have not committed their total energy resources are able to make available surplus capacity as requested by MEAN at various rates set by the participants.

Purchased Power Contracts and Participation Agreements

In addition to ownership interests in energy generation facilities, MEAN has purchased power contracts that provide for the purchase of wholesale firm and nonfirm energy from suppliers at negotiated rates. Power is purchased primarily for resale to participants of the Electrical Resources Pooling Agreements.

Municipal Energy Agency of Nebraska
Notes to Financial Statements
March 31, 2012 and 2011

Note 8: Power Supply Commitments - Continued

Purchased Power Contracts and Participation Agreements - Continued

In 2005, MEAN and other utilities created an interlocal, the Public Power Generation Agency (PPGA), for the construction of the Whelan Energy Center Unit 2, a 220 MW coal-fired power plant, which began commercial operation on May 1, 2011. MEAN signed a participation power agreement with PPGA for 80MW (36.36%) of the power output for the life of the plant. Under this agreement, each participant guarantees an allocated portion of PPGA's debt.

MEAN has also entered into power supply participation agreements whereby MEAN has agreed to share in the energy output of various projects in future years in accordance with the anticipated needs of MEAN's members. These contracts vary from 2 to 50 MW's per year, with maximum annual commitments of approximately 139 MW's. These contracts contain fixed and variable price components, with varying termination dates between 2015 and 2041.

Note 9: Transactions with Coalition Members

MEAN, POOL, NPGA and ACE through common members and management comprise a coalition. MEAN shares personnel and facilities within this coalition, as well as enters into agreements for certain products and services.

Amounts due from coalition members are included within accounts receivable on the balance sheets. A summary of amounts due from coalition members at March 31, 2012 and 2011 is as follows:

	2012	2011
Due from NPGA	\$ 2,733	\$ 2,962
Due from POOL	2,991	30,992
Due from ACE	4,158	2,329
Due from coalition members	\$ 9,882	\$ 36,283

MEAN incurred expenses of approximately \$3,935,000 and \$3,593,000 for administrative services provided by POOL during 2012 and 2011, respectively. In 2012 and 2011, MEAN billed coalition members approximately \$136,000 and \$148,000, respectively, for the use of equipment and furniture.

Municipal Energy Agency of Nebraska

Notes to Financial Statements

March 31, 2012 and 2011

Note 10: Risk Management

MEAN is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and others; and natural disasters. MEAN carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

Note 11: Significant Estimates and Concentrations

Major Customers

Information regarding major customers is provided for those customers who individually exceed 10% of MEAN's annual sales or accounts receivable balances at year end.

For the years ended March 31, 2012 and 2011, approximately \$19,900,000 or 12% and \$20,000,000 or 13% of total energy sales, respectively, were to one customer.

Proposed Environmental Standards

In December 2011, the U.S. Environmental Protection Agency (EPA) announced standards to limit mercury, acid gases and other toxic pollution from power plants. Specifically, these mercury and air toxics standards (MATS) for power plants will reduce emissions from new and existing coal and oil-fired electric utility system generating units. The proposed rule is being analyzed and it is unknown what the impact to MEAN will be until the rule is finalized.

Any changes in the environmental regulatory requirements imposed by federal or state law which are applicable to generating stations, in which MEAN is either an owner or participant, could result in increased capital and operating costs being incurred by MEAN. Until such changes are finalized and implemented, MEAN is unable to predict when pending changes will be made to current environmental regulatory requirements and how the changes may impact MEAN.

Note 12: Contingencies

In May 2012, MEAN was informed by Southwest Power Pool, Inc. (SPP) that SPP believed MEAN was engaged in activity, from February 2010 through January 2012, that constituted a violation of SPP's open access transmission tariff (Tariff). On May 31, 2012, MEAN and SPP jointly submitted a request to the Federal Energy Regulatory Commission (FERC) to allow SPP a waiver to defer billing MEAN for charges and penalties, totaling approximately \$15 million, in connection with the alleged Tariff violation. FERC granted the waiver on June 28, 2012. SPP and MEAN have agreed to work toward an informal resolution of the issues. If there is no resolution through this process, MEAN will have options to consider and has and will continue to vigorously defend its action in the dispute.

Municipal Energy Agency of Nebraska
Notes to Financial Statements
March 31, 2012 and 2011

Note 12: Contingencies - Continued

MEAN has provided SPP with documents setting forth legal reasons disputing SPP's calculated charges and penalties under the Tariff. An adverse decision could involve charges and penalties that would have a negative impact on the financial results of MEAN. MEAN cannot currently predict the outcome of this matter or estimate the potential impact on its financial position, and thus has not recorded any liability as of March 31, 2012.

APPENDIX B

**SUMMARY OF CERTAIN PROVISIONS
OF THE BOND RESOLUTION**

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The statements under this caption relating to the 2003 Power Supply System Revenue Bond Resolution, the Fourth Supplemental Resolution and the Fifth Supplemental Resolution are summaries and do not purport to be complete. Such summaries are qualified in their entirety by express reference to the Resolution. Certain provisions of the Resolution are also described under “THE 2013 SERIES BONDS” and “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” in the Official Statement.

CERTAIN DEFINITIONS

“*Accreted Value*” means, with respect to any Capital Appreciation Bonds and to any Convertible Capital Appreciation Bonds prior to the related Current Interest Commencement Date, (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds or Convertible Capital Appreciation Bond, and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates.

“*Accrued Aggregate Debt Service*” means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Series 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; *provided, however*, that there is to be excluded from the calculation of Accrued Aggregate Debt Service (A) any Principal Installments which are to be refunded pursuant to a formal refunding plan approved by resolution of MEAN from sources other than Revenues but only through the last day of the month preceding the month in which such Principal Installments come due and (B) any amounts of principal and interest due or to become due with respect to the Operating Credit Obligation. For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment are to be included in the calculations of accrued and unpaid and accruing interest and Principal Installments in such manner and during such period of time as is specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

“*Aggregate Debt Service*” for any period means, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds; *provided, however*, that for purposes of estimating Aggregate Debt Service for any future period, any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity

date thereof. For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest and Principal Installments in such manner and during such period of time as is specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

“Authorized Officer of MEAN” shall mean the Chairperson, Vice Chairperson, Secretary-Treasurer, Executive Director or any officer or employee of MEAN authorized by resolution to perform the act or sign the document in question.

“Capital Appreciation Bonds” shall mean any Bonds issued under the Resolution as to which interest is payable only at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default under the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to MEAN or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

“Consulting Engineer” shall mean the engineer or engineering firm or corporation at the time retained by MEAN to perform the acts and carry out the duties assigned to such Consulting Engineer by the Board of Directors of MEAN.

“Convertible Capital Appreciation Bonds” shall mean any Bonds issued under the Resolution as to which interest is payable only following the Current Interest Commencement Date for such Bonds, as set forth in the Supplemental Resolution under which such Bonds are issued, and at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price if a Convertible Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Convertible Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default under the Resolution or (iii) computing the principal amount of Bonds held by the registered owner of a Convertible Capital Appreciation Bond in giving to MEAN or the Trustee any notice, consent, request or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Convertible Capital Appreciation Bond shall be deemed to be its Accreted Value.

“Cost of Acquisition and Construction,” with respect to any part of the System, means MEAN’s costs, expenses and liabilities paid or incurred or to be paid or incurred by MEAN in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, retiring, decommissioning and disposing of any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto, including, but not limited to, any good faith or other similar payments or deposits in connection with the purchase of such part of the System or any part thereof, the cost of acquisition by or for MEAN of real and personal property or any interests therein, costs of physical construction and costs of MEAN incidental to such construction or acquisition, the cost

of acquisition of initial fuel or fuel inventory and working capital and reserves therefor and working capital and reserves for reload fuel and for additional fuel inventories (and if financed by the issuance of Bonds, the cost of reload fuel or additional fuel inventories for any generation facility of the System to the extent that sufficient funds are not available in reserves therefor), all costs relating to injury and damage claims relating to such part of the System, the costs of the retiring from service, the decommissioning or the disposal of generation facilities, the cost of any indemnity or surety bonds and premiums on insurance during construction, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, financing costs, fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the Resolution prior to or in connection with the completion of construction, amounts, if any, required by the Resolution to be paid into the Debt Service Fund to provide, among other things, for interest on the Bonds during construction or for such longer period of time as the Resolution or a Supplemental Resolution shall establish and to provide for the Debt Service Reserve Requirement or to be paid into the Operating Fund or the Reserve and Contingency Fund or the General Reserve Fund for any of the respective purposes thereof upon the issuance of any Series, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of MEAN, including notes and Subordinated Indebtedness, incurred in respect of any of the foregoing, and initial working capital and reserves therefor, and shall include reimbursements to MEAN for any of the above items theretofore paid by or on behalf of MEAN.

“Current Interest Commencement Date” means the date specified in a Supplemental Resolution as the date on and from which interest on the Accreted Value of Convertible Capital Appreciation Bonds issued under such Supplemental Resolution will thereafter accrue and be payable on the dates specified in such Supplemental Resolution and otherwise as if such Bonds were Interest Bearing Bonds.

“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 (i) interest accruing during such period on 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 the proceeds of Bonds or Subordinated Indebtedness and (ii) 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 there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later). Such interest and Principal Installments of such Series shall be calculated on the assumption that no Bonds of such Series outstanding at the date of calculation will cease to be outstanding except by reason of the payment of each Principal Installment on the due date thereof. For purposes of the foregoing calculation, interest during any period on Variable Interest Rate Bonds will be computed by assuming (a) that the rate of interest borne by such Series of Bonds during such period is equal to the rate established (the *“Assumed Rate”*) for such computation in writing by an Authorized Officer of MEAN, provided that such Assumed Rate shall not be less than the average rate borne by such Series of Bonds during the twelve full

calendar months immediately preceding the date on which such computation is made and provided further that, to the extent such Series of Variable Interest Rate Bonds have not been outstanding during the entirety of such twelve month period, the Assumed Rate shall not be less than the average rate on the BMA Index during such twelve month period, or (b) to the extent MEAN has entered into an interest rate swap agreement with respect to all or a portion of a Series of Bonds, such Series of Bonds or portion thereof will bear interest during such period at a rate equal to the rate payable by MEAN in accordance with such interest rate swap agreement. In addition, for purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest and Principal Installments in such manner and during such period of time as is specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

“Debt Service Reserve Requirement” shall mean, as of any date of calculation, an amount equal to the lesser of (a) 10% of the aggregate original principal proceeds of all Series of Bonds then Outstanding, (b) the maximum aggregate Debt Service due in any Fiscal Year on all Series of Bonds then Outstanding, or (c) 125% of the aggregate average Debt Service due during any Fiscal Year on all Series of Bonds then Outstanding. For purposes of the foregoing calculation, interest during any period on a Series of Variable Interest Rate Bonds will be computed by assuming (i) that the rate of interest borne by such Series of Bonds during such period is equal to the rate established (the *“Assumed Rate”*) for such computation in writing by an Authorized Officer of MEAN, provided that such Assumed Rate shall not be less than the average rate borne by such Series of Bonds during the twelve full calendar months immediately preceding the date on which such computation is made and provided further that, to the extent such Series of Variable Interest Rate Bonds have not been outstanding during the entirety of such twelve month period, the Assumed Rate shall not be less than the average rate on the BMA Index during such twelve month period, or (ii) to the extent MEAN has entered into an interest rate swap agreement with respect to all or a portion of a Series of Bonds, such Series of Bonds or portion thereof will bear interest during such period at a rate equal to the rate payable by MEAN in accordance with such interest rate swap agreement. Amounts Outstanding and to be Outstanding under the Operating Credit Obligation shall be excluded from the calculation of the Debt Service Reserve Requirement. The amount of the Debt Service Reserve Requirement to be on deposit in the Debt Service Reserve Account of the Debt Service Fund shall be satisfied by a deposit of either moneys and/or Investment Securities or a Reserve Policy in accordance with the requirements of the Resolution.

“Defeasance Securities” means:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America; and

(ii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal

Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association, Export Import Bank of the United States, United States Postal Service, or any other agency or instrumentality of the United States of America or any corporation wholly owned by the United States of America.

“*Fifth Supplemental Resolution*” shall mean the Fifth Supplemental Power Supply System Revenue Bond Resolution adopted by the Board of Directors of MEAN pursuant to the 2003 Resolution on January 10, 2013.

“*Fiscal Year*” shall mean the then current annual accounting period of MEAN for its general accounting purposes. Such period now commences on April 1 of a year and ends on March 31 of the succeeding year.

“*Fourth Supplemental Resolution*” shall mean the Fourth Supplemental Power Supply System Revenue Bond Resolution adopted by the Board of Directors of MEAN pursuant to the 2003 Resolution on November 17, 2011.

“*Generally Accepted Accounting Principles*” shall mean accounting principles, methods and terminology followed and construed, as nearly as practicable, in conformity with the pronouncements of the Financial Accounting Standards Board, the Governmental Accounting Standards Board, and the Federal Energy Regulatory Commission Uniform System of Accounts for Class A and Class B public utilities.

“*Government Obligations*” means (a) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged and (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at the option of anyone other than the holder thereof.

“*Interest Bearing Bonds*” means Bonds as to which interest is payable on each Interest Payment Date.

“*Interest Payment Date*” means for a Series of Bonds, except as otherwise provided in the Resolution or in the Supplemental Resolution under which such Bonds were issued, each April 1 and October 1, commencing on the date specified in such Supplemental Resolution.

“*Investment Securities*” means and includes any investments that are at the time legal for investment of MEAN funds and are allowed pursuant to MEAN’s investment policy as in effect on the date of such investment and by the terms of the Supplemental Resolution under which a Series of Bonds is issued. The Fourth Supplemental Resolution and the Fifth Supplemental Resolution provide that, for purposes of the 2013 Series Bonds, Investment Securities means any

of the following securities if and to the extent such securities are at the time legal for investment of MEAN's funds and are allowed pursuant to MEAN's investment policy as in effect on the date of such investment:

(a) Bills, notes, bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America.

(b) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories (without regard to qualifiers) assigned by such agencies.

(c) Any bonds or other obligations which as to principal and interest are guaranteed by the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America. Such obligations shall include, but not be limited to, the following:

- (i) U.S. Export-Import Bank;
- (ii) Rural Economic Community Development Administration (formerly the Farmers Home Administration);
- (iii) Farm Credit System Financial Assistance Corporation (FCSFAC);
- (iv) Farmers Home Administration (FHA);
- (v) Federal Financing Bank (FFB);
- (vi) Federal Housing Administration (FHA);
- (vii) General Service Administration (GSA);
- (viii) Government National Mortgage Association (GNMA);
- (ix) U.S. Maritime Administration guaranteed Title XI financing;
- (x) U.S. Department of Housing and Urban Development (HUD);
- (xi) Washington Metropolitan Area Transit Authority (WMATA);
- (xii) Resolution Trust Funding Corporation (REFCORPs) (Interest STRIPs only); and
- (xiii) U.S. Agency for International Development (AIDs).

(d) Senior Obligations issued or guaranteed by any of the following which obligations are not fully guaranteed by the full faith and credit of the United States of America. Such obligations shall include, but not be limited to, the following:

- (i) Federal Home Loan Bank Systems (FHLB);
- (ii) Federal Home Loan Mortgage Corporation (FHLMC);
- (iii) Federal National Mortgage Association (FNMA);
- (iv) Student Loan Marketing Association (SLMA);
- (v) Resolution Trust Funding Corporation (REFCORPs); and
- (vi) Farm Credit Corp.

(e) Commercial paper which is rated at the time of purchase, “A-1” by S&P and “P-1” by Moody’s and which matures not more than two hundred seventy (270) days after the date of purchase.

(f) Certificates of deposit, time deposits, banker’s acceptances, or uncollateralized investment agreements of any U.S. depository institution or trust company having capital and surplus of more than \$100,000,000 incorporated under the laws of the United States or any state thereof and subject to supervision and examination by federal and/or state banking authorities, provided that the unsecured short-term debt obligations of such depository institution or trust company at the date of acquisition thereof have been rated “A-1” by S&P and “P-1” by Moody’s.

(g) Money market funds registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, which at the date of acquisition have a rating by S&P of either “AAAm-G,” “AAAm” or “Aam.”

(h) Investment agreements under which the provider agrees to periodically deliver, on a delivery versus payment basis, such securities as are described in subparagraphs (a) through (f) above.

(i) Repurchase agreements which are continuously and fully secured by such securities as are described in subparagraphs (c) and (d) above, which securities shall have a market value at all times at least equal to 102% of the principal amount invested under the repurchase agreement plus any accrued but unpaid interest (marked to market at least weekly).

(j) Investment agreements that by their terms provide for repayment at par, for any lawful purpose under the 2003 Resolution, of amounts invested thereunder, which either (i) constitute obligations of a bank, bank holding company, trust company,

insurance company, financial institution or other investment provider whose outstanding unsecured debt, financial strength or claims paying ability (or whose guarantor's outstanding unsecured debt, financial strength or claims paying ability) is rated by S&P at least "A-1" short term or "A+" long term and by Moody's at least "P-1" short-term or "A1" long-term, or (ii) are fully secured by Government Obligations or obligations described in subparagraph (c) above, in each case with a market value, inclusive of accrued interest, equal to 102% of the amounts invested under those investment agreements. Notwithstanding the foregoing, the investment agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee, if the obligation of MEAN to pay such fee or penalty is payable solely from the amounts, if any, available for that purpose in the General Reserve Fund.

"Net Revenues" for any Fiscal Year or period of 12 calendar months shall mean the Revenues during such period, determined on an accrual basis, plus (a) the amounts, if any, paid from the Rate Stabilization Account in the General Reserve Fund into the Revenue Fund during such period (excluding from (a) certain amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Account in the General Reserve Fund to the Revenue Fund pursuant to the Resolution) and minus (b) the sum of (i) Operating Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues and (ii) the amounts, if any, paid from the Revenue Account in the Revenue Fund into the Rate Stabilization Account in the General Reserve Fund during such period.

"Operating Credit Obligation" means an obligation of MEAN, authorized the Resolution, on a parity with the Bonds with respect to the pledge and assignment of, and security interest in, the Revenues and payments therefrom granted by the Resolution, to evidence a line of credit made available to MEAN (to effect the timely disbursement by MEAN of its Operating Expenses) by a financial institution.

"Operating Expenses" shall mean all actual maintenance and operation costs of the System incurred by MEAN in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required.

Such Operating Expenses include, but are not limited to, expenses for ordinary repairs, renewals and replacements of the System, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses, insurance expenses, legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services, taxes (except as set forth in the following paragraph), payments in lieu of taxes and other governmental charges, fuel costs, including the leasing of nuclear fuel, costs of purchased power and transmission service, payments with regard to price hedging arrangements entered into by MEAN with regard to such fuel costs, and any other current expenses or obligations required to be paid by MEAN under the

provisions of the Resolution or by law, all to the extent properly allocable to the System, and the fees and expenses of the Trustee and Paying Agents.

Such Operating Expenses do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of MEAN, costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the System which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of MEAN.

“Option Bonds” means Bonds that by their terms may be tendered by and at the option of the Holder thereof for payment prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

“Outstanding”, when used with reference to Bonds, shall mean, as of any date of calculation, Bonds theretofore or thereupon being authenticated and delivered under the Resolution (the principal amount of the Operating Credit Obligation being equal on the date of calculation to the then outstanding aggregate principal amount of advances to MEAN under the Operating Credit Obligation) except:

- (i) Bonds cancelled by the Trustee at or prior to such date;
- (ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in the Resolution provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;
- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser in due course; and
- (iv) Bonds deemed to have been paid as provided in the Resolution.

“Pooling Agreement” shall mean the Electrical Resources Pooling Agreement between MEAN and the various cities and villages and public power districts that are parties thereto.

“*Power Purchaser*” shall mean (i) any parties (other than MEAN) to the Power Supply Contracts or (ii) any Nebraska municipality which operates an electric system or (iii) any other entity, whether public or private, which either charges rates for electric system services or which is authorized by law to assess ad valorem taxes or charge rates for its services, in each case which shall have entered into a Power Supply Contract and with whom MEAN is authorized by law to enter into such Power Supply Contracts.

“*Power Supply Contracts*” means contracts entered into by MEAN, in whatever form, to enable a power purchaser to commit to the purchase of power, energy or related services from MEAN.

“*Principal Installment*” shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are outstanding, (i) the principal amount of Bonds of such Series due whether by their terms or at the option of the holder on a certain future date for which no sinking fund installments have been established or (ii) the unsatisfied balance of any sinking fund installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such sinking fund installments or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of sinking fund installments due on such future date plus such applicable redemption premiums, if any.

“*Qualified Hedge Agreement*” means, to the extent from time to time permitted by law, with respect to any Series of Bonds, any financial arrangement (i) which is entered into by MEAN with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar, forward rate, future rate, swap (such swap may be used in an amount equal either to the principal amount of such Series of Bonds as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Series of Bonds), asset, index, price or market linked transaction or agreement, or other exchange or rate protection transaction agreement, or similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing, executed by MEAN, (iii) which has been designated as a Qualified Hedge Agreement with respect to such Series of Bonds in a written determination signed by a Authorized Officer of MEAN and delivered to the Trustee and the provider of any credit facility and liquidity facility for such Series of Bonds, and (iv) which contains such terms addressing the posting and holding of collateral and such other terms as may be imposed by the Supplemental Resolution under which a Series of Bonds is issued.

“*Qualified Hedge Provider*” means, subject to any higher ratings requirement imposed by the Supplemental Resolution under which a Series of Bonds is issued, an entity whose ratings with respect to its senior, long term, unsecured debt obligations or deposits, or whose financial program, counterparty, or claims paying ability ratings, at the time of the execution of a Qualified Hedge Agreement, are at least “A”, without regard to any qualifier, by S&P, Moody’s or Fitch (or whose payment obligations under such Qualified Hedge Agreement are guaranteed or insured by such an entity); *provided, however*, that in the event such entity (or guarantor or insurer, as applicable) shall fail to maintain the foregoing rating, the Qualified Hedge Agreement shall provide for such entity (or guarantor or insurer, as applicable) to post collateral in the form

of Investment Securities in respect of any Settlement Amount that may become due to MEAN under the terms of the Qualified Hedge Agreement, such Settlement Amount and the value of any posted collateral to be determined with such frequency as MEAN may reasonably determine.

“Qualified Reserve Policy Provider” means an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by a nationally recognized bond rating agency. A letter of credit issuer shall be a bank or trust company which on the date of issuance of the letter of credit has an outstanding unsecured, uninsured and unguaranteed debt issue which is rated not lower than the second highest rating category by a nationally recognized bond rating agency. The issuer of any other similar obligation shall have the qualifications set forth in a Supplemental Resolution authorizing the issuance of a Series of Bonds.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

“Refunding Bonds” shall mean all Bonds (which, for the purposes of this definition, shall not include the Operating Credit Obligation) issued as described at the caption “Issuance of Refunding Bonds” in this Appendix B.

“Reserve Policy” means any credit facility, insurance policy, surety bond, letter of credit or other credit support agreement or mechanism obtained by MEAN from a Qualified Reserve Policy Provider to satisfy its obligation to fund the Debt Service Reserve Requirement for a Series of Bonds. The Reserve Policy shall provide that amounts may be drawn thereunder by the Trustee (upon the giving of notice as required thereunder) on any due date on which moneys will be required to be withdrawn from the Debt Service Reserve Account of the Debt Service Fund and applied to the payment of a Principal Installment of or interest on any Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Account.

“Resolution” shall mean the 2003 Resolution, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms of the 2003 Resolution, including the Fourth Supplemental Resolution and the Fifth Supplemental Resolution.

“Revenues” means (i) all payments received by MEAN pursuant to the Power Supply Contracts, (ii) all revenues, income, rents and receipts derived by MEAN from or attributable to the ownership and operation of the System, including all revenues attributable to the System or to the payment of the costs thereof received by MEAN under any contract for the sale of power, energy, transmission or other service from the System or any part thereof or any contractual arrangement with respect to the use of the System or any portion thereof or the services, output or capacity thereof, (iii) the proceeds of any insurance covering business interruption loss relating to the System, (iv) interest received on any moneys or securities (other than in the Construction Fund) held pursuant to the Resolution and required to be paid into the Revenue Fund, all as determined in accordance with Generally Accepted Accounting Principles, and (v) receipts of MEAN under any Qualified Hedge Agreement entered into in connection with the

ownership and operation of the System or with respect to a Series of Bonds issued pursuant to this Resolution.

“*Series*” shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Resolution or a supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, sinking fund installments or other provisions, and shall include the Operating Credit Obligation.

“*Settlement Amount*” means the amount, if any, that may become due from a party under a Qualified Hedge Agreement or any price hedging arrangement entered into by MEAN with respect to its fuel costs, including nuclear fuel, costs of purchased power and transmission services. Where a Settlement Amount is to be amortized pursuant to the terms of a Qualified Hedge Agreement, the term “Settlement Amount” shall refer to any amortizing payments of such Settlement Amount that are then due and payable. Any Settlement Amount due from MEAN shall, unless otherwise stated in the Supplemental Resolution relating to a Series of Bonds, be payable as Subordinated Indebtedness hereunder and under such Supplemental Resolution.

“*Sinking Fund Installment*” means, with respect to a Series of Bonds, an amount so designated by the Supplemental Resolution pursuant to which such Series of Bonds was issued.

“*Subordinated Indebtedness*” shall mean (a) any evidence of debt issued for which balances in the General Reserve Fund may be applied as set forth under clauses (ii) through (vii), inclusive, of the third paragraph under the caption “Application of Revenues — 4. *To the General Reserve Fund*” in this Appendix B and (b) any Settlement Amount due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to a Series of Bonds. Such evidence of debt shall be payable out of, and may be secured by the pledge and assignment of, such amounts in the Subordinated Indebtedness Account or the General Reserve Fund as may from time to time be available for the purpose of payment thereof.

“*System*” means all property, including contracts, franchises, agreements and systems of MEAN, now existing and hereafter acquired for the purpose of providing power supply, transmission and ancillary services to power purchasers under the Power Supply Contracts, and any other facilities financed with bonds, notes or other obligations payable or paid from Revenues. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interests in properties of MEAN that MEAN determines shall not constitute a part of the System for the purpose of the Resolution.

“*System Agreements*” shall mean any operating or participation agreements entered into by MEAN and such other agreements as MEAN may from time to time determine to be System Agreements for the purpose of the Resolution.

“*Total Power Requirements Power Purchase Agreement*” shall mean the form of the contract between MEAN and a Power Purchaser set forth as Schedule M to the Pooling Agreement.

“2003 Resolution” shall mean the 2003 Power Supply System Revenue Bond Resolution adopted by the Board of Directors of MEAN on August 21, 2003.

“Valuation Date” shall mean with respect to any Capital Appreciation Bonds, and to any Convertible Capital Appreciation Bonds prior to the related Current Interest Commencement Date, the date or dates set forth in the Supplemental Resolution authorizing such Bonds on which specific Accreted Values are assigned to such Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

“Variable Interest Rate Bond” means a Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds of which such Bond is one, but does not include the Operating Credit Obligation.

ISSUANCE OF BONDS OTHER THAN REFUNDING BONDS

Under the Resolution, MEAN may issue one or more Series of Bonds at any time for the purpose of paying all or a portion of the Cost of Acquisition and Construction of the System, the proceeds of which, including accrued interest, are to be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Resolution authorizing such Series. MEAN may also issue one or more Series of Refunding Bonds to refund all Outstanding Bonds of one or more Series or one or more maturities within a Series. Bonds of each Series may be issued upon receipt by the Trustee of, among other things, the following:

(a) A Certificate of an Authorized Officer of MEAN setting forth for any period of 12 consecutive calendar months within the 24 calendar months next preceding the date of the authentication and delivery of such Series of Bonds (i) Net Revenues for such period and (ii) the Aggregate Debt Service during the period so selected with respect to all Series of Bonds which were then Outstanding (provided that the amount of Debt Service on the Operating Credit Obligation for such period shall equal the aggregate amounts paid with respect to the Operating Credit Obligation during such period); and showing that the Net Revenues for such period plus amounts available for transfer to the Revenue Fund from the General Reserve Fund in each month during such period are at least equal to 1.0 times the Aggregate Debt Service for such period with respect to such Bonds which were then Outstanding;

(b) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of MEAN stating that either (i) no Event of Default has occurred and is continuing under the Resolution or (ii) the application of the proceeds of sale of such Series of Bonds as required by the Supplemental Resolution will cure any such Event of Default; and

(c) An opinion or opinions of counsel, subject to certain permitted exceptions, to the effect that all the Total Power Requirements Power Purchase Agreements then in force have been duly authorized, executed and delivered by the parties thereto and constitute valid and binding obligations of such parties in accordance with their respective terms, provided that once such an opinion or opinions covering any of the

matters referred to above have been received by the Trustee, no new opinion or opinions covering such matter need be furnished to the Trustee unless the contract or agreement to which the matter relates has been amended, modified or supplemented subsequent to the date of the prior opinion or opinions of Counsel furnished with respect thereto.

ISSUANCE OF REFUNDING BONDS

Under the Resolution, MEAN may issue one or more Series of Bonds at any time for the purpose of refunding all Outstanding Bonds of one or more Series or one or more maturities within a Series. Refunding Bonds must be issued in an amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts under the Resolution required by the provisions of the supplemental resolution authorizing such Bonds. Refunding Bonds may be issued upon receipt by the Trustee of, among other things, the following:

- (a) Irrevocable instructions to the Trustee to give due notice of redemption of all the Bonds to be refunded; and
- (b) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date, or (ii) Defeasance Securities in such principal amounts, of such maturities, and bearing such interest, as shall be necessary to comply with the provisions described under the caption “Defeasance” in this Appendix B, which moneys or Defeasance Securities will be held by the Trustee or the Paying Agent in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds being refunded.

ESTABLISHMENT OF FUNDS

The Resolution establishes the following Funds and Accounts for the application of Revenues:

FUNDS	HELD BY
Construction Fund	Trustee
Revenue Fund	MEAN
Operating Fund	MEAN
Debt Service Fund (consisting of the Debt Service Account, the Operating Credit Account, the Debt Service Reserve Account and a Subordinated Indebtedness Account)	Trustee
Reserve and Contingency Fund	MEAN
General Reserve Fund (consisting of a General Reserve Account and a Rate Stabilization Account)	MEAN

In addition to the above, pursuant to the Resolution MEAN may from time to time establish or cause the Trustee to establish one or more accounts and/or subaccounts in the above-described Funds and Accounts.

APPLICATION OF REVENUES

All Revenues received are to be deposited promptly in the Revenue Fund. Each month MEAN may transfer from the Revenue Fund to the Rate Stabilization Account in the General Reserve Fund, an amount determined by MEAN's Board of Directors to be credited for such month. No amounts are to be transferred from any other Fund or Account to the Rate Stabilization Account.

Amounts in the Revenue Fund are to be paid to the following Funds and Accounts, in such manner as to assure that good funds are in such Funds and Accounts when needed for the intended purposes, for application as follows:

1. *To the Operating Fund*, from time to time each month a sum or sums which, together with any amount in the Operating Fund not set aside as a general reserve for Operating Expenses, is equal to the Operating Expenses for such calendar month. MEAN may also, from time to time, transfer additional amounts from the Revenue Fund to the Operating Fund to be set aside as a general reserve for Operating Expenses, provided that the total amount of such general reserve accumulated from Revenues held at any time may not exceed 20% of the appropriation in the annual budget for Operating Expenses for the then current Fiscal Year. Any amounts advanced to MEAN pursuant to the Operating Credit Obligation will be deposited in the Operating Fund. The Resolution provides for the application of excess amounts in the Operating Fund to make up any deficiencies in the following Funds and Accounts in the order stated: (a) pro rata on the basis of the amount required for each of the Debt Service Account and Operating Credit Account in the Debt Service Fund; (b) Debt Service Reserve Account; (c) Subordinated Indebtedness Account; and (d) Reserve and Contingency Fund. Any balance of such excess not so applied shall be deposited in the General Reserve Fund.

2. *To the Debt Service Fund*, each month (a) pro rata on the basis of the amount required (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the end of the last day of the then current month; provided that, for the purposes of computing the amount on deposit in said Account, there shall be excluded the amount, if any, set aside in said Account from the proceeds of Bonds (including amounts, if any, transferred thereto from the Construction Fund) less the amount of such proceeds to be applied in accordance with the Resolution or any supplemental resolution authorizing a Series of Bonds, to interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; provided further, however, that MEAN may defer any such monthly transfers and make one or more transfers in an amount equal to the aggregate of those not made, by no later than the time the next payment is required to be made from the Debt Service Account, (ii) for credit to the Debt Service Account, any net payment required to be made by MEAN (other than any Settlement Amount) under any

Qualified Hedge Agreement, and (iii) for credit to the Operating Credit Account, the amount, if any, equal to the sum of the amounts required to pay principal of and accrued interest on the Operating Credit Obligation for such month; (b) for credit to the Debt Service Reserve Account, the amount, if any, required for such Account to equal the Debt Service Reserve Requirement; and (c) for credit to the Subordinated Indebtedness Account, an amount, if any, equal to the sum of amounts required to pay principal or sinking fund installments and premiums, if any, of and interest on each issue of Subordinated Indebtedness, whether as a result of maturity or prior call for redemption, as required by the resolution, indenture or other instrument authorizing such issue of Subordinated Indebtedness, and any Settlement Amount then due and payable. In lieu of the required transfers of moneys to the Debt Service Reserve Account, pursuant to the Resolution MEAN may cause to be deposited into the Debt Service Reserve Account for the benefit of the Holders of the Bonds a Reserve Policy in an amount equal to any deficiency.

In the event of the refunding of one or more Series of Bonds, the amounts accumulated in the Debt Service Account with respect to Debt Service on the Bonds being refunded shall be withdrawn by the Trustee, upon the direction of MEAN, and held for the payment of the redemption price, if applicable, or the payment of principal of and interest on the Series of Bonds being refunded. No such withdrawal, however, shall be made unless (a) immediately thereafter the Series of Bonds being refunded shall be deemed to have been paid pursuant to the Resolution, and (b) the remaining amount in the Debt Service Account after such withdrawal shall not be less than an amount equal to the Accrued Aggregate Debt Service.

The Trustee is also to pay out of the Debt Service Account, on or before the date when due, any net payment required to be paid by MEAN (other than any Settlement Amount) under any Qualified Hedge Agreement to the provider thereof.

Amounts in the Debt Service Reserve Account are to be applied to make up any deficiency in the Debt Service Account whenever there shall not be on deposit in the Subordinated Indebtedness Account or in the Reserve and Contingency Fund or in the General Reserve Fund available moneys to cure such deficiency. 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 Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account. Whenever moneys on deposit in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement, the excess will be deposited in the Revenue Fund.

Amounts in the Subordinated Indebtedness Account are to be applied to make up any deficiency in the Debt Service Account or the Debt Service Reserve Account, in that priority, whenever there shall not be on deposit in the Reserve and Contingency Fund or in the General Reserve Fund available moneys to cure such deficiency. Subject to the provisions of the instrument securing each issue of Subordinated Indebtedness, whenever moneys on deposit in the Subordinated Indebtedness Account, in the discretion of

MEAN, exceed the requirements of such Account, the excess may be deposited in the General Reserve Fund.

3. *To the Reserve and Contingency Fund*, each month the amount, if any, which when added to the amount on deposit in said Fund will equal the Reserve and Contingency Fund Requirement.

Amounts in the Reserve and Contingency Fund will be applied to the costs of major renewals, replacements, repairs, additions, betterments, enlargements and improvements to the System and the payment of extraordinary operation and maintenance costs and contingencies, to the extent not provided for in the then current annual budget or by reserves in the Operating Fund or from the proceeds of Bonds or from amounts on deposit in the General Reserve Fund.

If at any time the amounts in the Debt Service Account or in the Debt Service Reserve Account are less than the amounts required by the Resolution, and there are not on deposit in the General Reserve Fund available funds sufficient to cure such deficiency, then MEAN will transfer from the Reserve and Contingency Fund the amount necessary to make up such deficiency. To the extent not required to meet a deficiency in the Debt Service Account or in the Debt Service Reserve Account, if at any time the amount deposited in the Subordinated Indebtedness Account shall be less than the amount required by the Resolution, and if there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure any such deficiency, then the Trustee shall transfer from the Reserve and Contingency Fund to the Subordinated Indebtedness Account an amount (or all the moneys in the Reserve and Contingency Fund if less than the amount required) which, together with the amounts available in the General Reserve Fund, will be sufficient to make up such deficiency.

Amounts in the Reserve and Contingency Fund in excess of the Reserve and Contingency Fund Requirement not required to meet any such deficiencies in the Debt Service Fund, and which are not needed for any of the purposes for which the Reserve and Contingency Fund was established, shall be transferred to the Operating Fund to the extent deemed necessary by MEAN to make up deficiencies therein, and any remaining excess shall be deposited in the General Reserve Fund; provided that for the period, if any, set forth in the Resolution or a supplemental resolution authorizing the issuance of a Series of Bonds, investment earnings on obligations held as part of the Reserve and Contingency Fund shall be transferred to the Debt Service Account to pay interest on the Series of Bonds authorized thereby.

4. *To the General Reserve Fund*, each month the remaining balance, if any, of moneys in the Revenue Fund. MEAN will transfer from the General Reserve Fund amounts in the following order of priority: (a) to the Operating Fund to make up any deficiency in amounts available for Operating Expenses, (b) to the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund the amount necessary to make up any deficiencies in payments to said Accounts, (c) to the Debt Service Reserve Account the amount of any deficiency in such Account resulting from any transfer, (d) to

the Subordinated Indebtedness Account the amount necessary to make up any deficiencies of payments to said Account, and (e) to the Reserve and Contingency Fund the amount necessary to make up any deficiencies in payments to said Fund.

Any amount on deposit in the General Reserve Fund on the first day of any month and not required to meet a deficiency as required in clauses (a) through (e) above and not required to be applied to any other purpose may be transferred to the Revenue Fund.

Amounts in the General Reserve Fund not required for any of the above purposes or for transfer to the Revenue Fund shall upon determination of MEAN be applied to or set aside for any one or more of the following:

(i) the purchase or redemption of any Bonds, or the payment or prepayment of the Operating Credit Obligation, and expenses in connection with the purchase or redemption of any Bonds or the payment or prepayment of the Operating Credit Obligation or any reserves which MEAN determines shall be required for such purposes;

(ii) payments of principal or redemption price of and interest on any Subordinated Indebtedness or any reserves that MEAN determines shall be required for such purposes;

(iii) payments into any separate account or accounts established in the Construction Fund for application to the purposes of such account;

(iv) payments of the Cost of Acquisition and Construction of any major renewals, replacements, repairs, additions, betterments, enlargements and improvements to the System;

(v) increases in working capital requirements pursuant to a System Agreement;

(vi) in connection with the planning, development and determination of feasibility of electric generation or transmission facilities which can be beneficially used to meet the power and energy requirements of Power Purchasers, the acquisition of land or water supplies or rights with respect thereto and preliminary and developmental work, including engineering, legal and financial studies and applications for permits, licenses and approvals;

(vii) deposit in a special account in the General Reserve Fund which may be created by MEAN for a decommissioning reserve; and

(viii) any other lawful purpose.

MEAN is to transfer each month from the Rate Stabilization Account of the General Reserve Fund to the Revenue Fund the amount budgeted for credit to the

Revenue Fund for the then current month as set forth in the current Annual Budget, or the amount otherwise determined by MEAN to be credited to the Revenue Fund for the month. MEAN may also apply amounts on deposit in the Rate Stabilization Account to pay operating expenses or debt service on the Bonds, or for other purposes that enable MEAN to, or facilitate MEAN's ability to, provide services to the Power Purchasers at stable and economic rates.

CONSTRUCTION FUND

The Resolution establishes a Construction Fund, to be held by the Trustee, into which will be paid amounts required by the provisions of the Resolution and any Supplemental Resolution and, at the option of MEAN, any moneys received for or in connection with the System by MEAN, unless required to be otherwise applied as provided in the Resolution. In addition, proceeds of insurance for physical loss or damage to the System or of contractor's performance bonds pertaining to the period of construction will be paid into the Construction Fund.

The Trustee will pay to or for the account of MEAN, upon the requisitions of MEAN therefor, from the Construction Fund the Cost of Acquisition and Construction of the System. Upon completion of any addition to the System, any amount allocated to such addition and not required to complete payment of the Cost of Acquisition and Construction of such addition to the System will be deposited in the Debt Service Reserve Account in the Debt Service Fund, if and to the extent necessary to make the amount in such account equal to the Debt Service Reserve Requirement, and any balance shall be deposited in the General Reserve Fund for the purchase or retirement of Bonds or transferred to a separate account or accounts established in the Construction Fund for application to the Cost of Acquisition and Construction of one or more additions to the System, as MEAN shall determine.

Nothing in the Resolution shall be construed to prevent MEAN from permanently discontinuing the acquisition or construction of any portion of the System the Cost of Acquisition and Construction of which is at the time being paid out of the Construction Fund, if the Board of Directors of MEAN determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of MEAN and not disadvantageous to the Bondholders.

SUBORDINATED INDEBTEDNESS; SEPARATE UTILITY SYSTEMS

MEAN may, at any time, or from time to time, issue Subordinated Indebtedness for any of the purposes set forth in clauses (ii) through (vii), inclusive, of the third paragraph appearing under the caption "Application of Revenues—4. *To the General Reserve Fund*" in this Appendix B, payable out of, and which may be secured by pledge and assignment of, such amounts in the Subordinated Indebtedness Account or the General Reserve Fund as may from time to time be available for the purpose of payment thereof; *provided, however*, that such Subordinated Indebtedness and any pledge and assignment shall be subordinate in all respects to the pledge and assignment of the Revenues, moneys, securities and funds created by the Resolution as security for the Bonds; *provided, further*, that any debt service reserve established

for such Subordinated Indebtedness shall not be subject to the pledge and assignment of the Revenues, moneys, securities and Funds created by the Resolution as security for the Bonds.

Nothing contained in the Resolution prohibits MEAN from issuing bonds, notes or other evidences of indebtedness to acquire or construct facilities for the generation, transformation or transmission of electric power and energy and any incidental properties in connection therewith, which facilities shall be a separate system and which bonds or other evidences of indebtedness shall be payable solely from the revenues or income derived from the ownership or operation of such separate system.

INVESTMENT OF CERTAIN FUNDS AND ACCOUNTS

The Resolution provides that certain Funds and Accounts held thereunder may, and in the case of the Debt Service Account, the Operating Credit Account and the Debt Service Reserve Account in the Debt Service Fund shall, be invested to the fullest extent practicable in Investment Securities. The Resolution provides that such investments will mature no later than at such times as necessary to provide moneys when needed for payments from such Funds and Accounts and provides specific limitations on the term of investments for moneys in certain Funds and Accounts.

All moneys held by the Trustee under the Resolution will be deposited with the Trustee and the Trustee may deposit such moneys in banks or trust companies organized under the laws of any state of the United States or national banking associations (“Depositaries”) appointed by MEAN and approved by the Trustee in trust for the Trustee.

All moneys held by MEAN under the Resolution shall be deposited in one or more Depositaries in trust for MEAN. All moneys held under the Resolution by the Trustee or any Depositary must be either (a) (i) continuously and fully insured by the Federal Deposit Insurance Corporation, or (ii) continuously and fully secured by lodging with the Trustee, as custodian, as collateral security such securities as are described in clauses (i) through (ii), inclusive, of the definition of “Investment Securities” having a market value (exclusive of accrued interest) not less than the amount of such moneys, and (b) held in such other manner as may then be required by applicable Federal or State of Nebraska laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Depositary is located regarding security for the deposit of trust funds; *provided, however*, that it shall not be necessary for the Trustee, the Paying Agents, or any Depositary to give security for the deposit of any moneys held in trust by it and set aside for the payment of the principal or redemption price of, or interest on, any Bonds or to give security for any moneys which are represented by obligations or certificates of deposit purchased as an investment of such moneys.

Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of the Resolution, together with investment earnings thereon, will be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment will be credited to such Fund or Account, and any loss resulting from the liquidation of such investment will be charged to the respective Fund or Account. To the extent that the Resolution or a supplemental resolution authorizing the issuance of a Series of Bonds so

provides, investment earnings on obligations held as part of a Fund or Account (other than the Operating Credit Account) created under the provisions of the Resolution shall be transferred, for such period of time as the Resolution or such supplemental resolution shall specify, to the Debt Service Account in the Debt Service Fund to pay interest on the Series of Bonds authorized thereby.

In computing the amount in any such Fund or Account the investments therein shall be valued at the amortized cost of such obligations, exclusive of accrued interest, unless such obligations do not mature or are not redeemable at the option of the holder thereof in less than seven years from the date of valuation, in which case such obligations shall be valued at the amortized cost of such obligations or at the market price thereof, whichever is lower, exclusive of accrued interest. The accrued interest paid from such moneys in connection with the purchase of any obligations shall be included in the value thereof until the interest on such obligation is paid. Such computation shall be determined as of the end of MEAN's Fiscal Year.

ENCUMBRANCES; DISPOSITION OF PROPERTIES

MEAN will not issue bonds, notes, debentures or other evidences of indebtedness, other than the Bonds, payable out of or secured by a security interest in or pledge or assignment of the Revenues, the Power Supply Contracts or other moneys, securities or funds held or set aside under the Resolution, nor will it create any lien or charge thereon, except, to the extent permitted by law, (a) evidences of indebtedness (i) payable out of moneys in the Construction Fund as part of the Cost of Acquisition and Construction of the System or (ii) payable out of, or secured by a pledge or assignment of, Revenues to be received after the discharge of the pledge of Revenues provided in the Resolution or (b) Subordinated Indebtedness issued in accordance with the provisions of the Resolution.

MEAN will not sell, lease, mortgage or otherwise dispose of any part of the System, except for sales or exchanges of property or facilities (a) which are not useful in the operation of the System, (b) the book value of property or facilities sold or exchanged is not more than the greater of \$500,000 or 1% of the book value of the assets of the System at such time, or (c) MEAN shall file with the Trustee a certificate of an Authorized Officer of MEAN setting forth a determination of MEAN's Board of Directors that the sale or exchange of such property will not impair the ability of MEAN to comply with its rate covenant described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Rate Covenant." The proceeds of any such transaction not used to acquire other property necessary for the operation of the System will be deposited in the General Reserve Fund and applied to the purposes listed in clause (i), (iii), (iv), (v) or (vi) of the third paragraph appearing under the caption "Application of Revenues—4. *To The General Reserve Fund*" in this Appendix B.

MEAN will not lease or make contracts or grant licenses for the operation or use of, or grant easements or any other rights with respect to, any part of the System which would impede the operation by MEAN or its agents of the System. If the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of the greater of \$500,000 or 1% of the book value of the assets of the System at such time, MEAN shall first file with the Trustee a certificate of an Authorized Officer of MEAN setting forth a

determination of MEAN's Board of Directors that the proposed action of MEAN does not result in breach of the conditions under this paragraph. Any payments to MEAN in connection with any such transaction will constitute Revenues. MEAN may permanently discontinue the acquisition or construction of any portion of the System as described under the caption "Construction Fund" in this Appendix B.

ANNUAL BUDGET

MEAN will file with the Trustee an annual budget for each Fiscal Year. The annual budget will include monthly appropriations for the estimated Operating Expenses for such Fiscal Year and the estimated amount to be deposited during each month of such Fiscal Year in the Reserve and Contingency Fund and the requirements, if any, for, and the amounts estimated to be expended from, each Fund and Account. MEAN shall review at least quarterly its estimates set forth in the annual budget and in the event such estimates do not substantially correspond with actual Revenues, Operating Expenses or other requirements, or if there are extraordinary receipts or payments of unusual costs, MEAN shall prepare an amended annual budget. MEAN may also at any time adopt an amended annual budget for the remainder of the then-current Fiscal Year.

OPERATION AND MAINTENANCE OF SYSTEM

MEAN will at all times use its best efforts to operate the System properly and in an efficient and economical manner, consistent with the System Agreements and prudent utility practice, and will use its best efforts to maintain, preserve, reconstruct and keep the same, with the appurtenances, in good repair, working order and condition, and will from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

COVENANTS WITH RESPECT TO POWER SUPPLY CONTRACTS, POOLING AGREEMENTS AND SYSTEM AGREEMENTS

MEAN covenants that it will collect and deposit in the Revenue Fund amounts payable to it under the Power Supply Contracts or payable to it pursuant to any other contract for the sale or use of the output, capacity or service of the System or any part thereof. In addition, MEAN will enforce the Power Supply Contracts and the Pooling Agreements and duly perform its covenants and agreements thereunder, and will not consent to any rescission of or amendment to or otherwise take any action under or in connection with any Power Supply Contracts or Pooling Agreements which will reduce, impair or adversely affect the rights of MEAN thereunder or materially impair or adversely affect the rights of security of Bondholders under the Resolution; provided that this provision shall not prevent an amendment of a Power Supply Contract or a Pooling Agreement which shall be necessary so as to provide for the sale or use by MEAN or others of the output, capacity or service of the System in connection with any Additional Facilities. The extension of the term of any Power Supply Contract or Pooling Agreement shall not constitute such an amendment.

MEAN will enforce the provisions of the System Agreements and duly perform its covenants and agreements thereunder. MEAN 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 System Agreement which will in any manner materially impair or adversely affect the rights of MEAN thereunder or the rights or security of the Bondholders under the Resolution.

INSURANCE

MEAN will use its best efforts to keep or cause to be kept the properties of the System which are of any insurable nature and of the character usually insured by those operating properties similar to the System insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. MEAN will also use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the System. MEAN shall only be required to obtain such insurance if it is available at reasonable rates and upon reasonable terms. If any useful portion of the System is damaged or destroyed, MEAN will diligently pursue the reconstruction or replacement thereof, unless it is determined under the provisions of the System Agreements that such reconstruction or replacements are not to be undertaken. The proceeds of any insurance paid on account of such damage or destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pertaining to the period of construction), unless held and applied under the System Agreements, shall be held by MEAN and to the extent necessary be applied to the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by MEAN in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement or may be invested as otherwise provided for under the System Agreements. Interest earned on such investments will be deposited in the General Reserve Fund. The proceeds of any insurance not applied within 36 months after receipt by MEAN to repairing or replacing damaged or destroyed property will be deposited in the General Reserve Fund unless otherwise applied in accordance with the System Agreements. If the proceeds of insurance to be applied to the reconstruction or replacement of any portion of the System are insufficient for such purpose, the deficiency may be supplied out of moneys in the General Reserve Fund to the extent, as certified by an Authorized Officer of MEAN, not needed to be reserved for the purposes provided therefor. The proceeds of business interruption loss insurance, if any, will be paid into the Revenue Fund.

ACCOUNTS AND REPORTS

MEAN will keep or cause to be kept proper and separate books of record and account relating to the System and the Funds and Accounts established by the Resolution and relating to costs and charges under the Power Supply Contracts and the System Agreements. Such books, together with all other books and papers of MEAN relating to the System, will at all times be subject to the inspection of the Trustee and the holders of not less than 50% in principal amount of Bonds then outstanding or their representatives duly authorized in writing.

MEAN will file annually with the Trustee an annual report, accompanied by an accountant's certificate, of the financial position of the System at the end of the Fiscal Year, statements of Revenues and Operating Expenses, a statement of the balances of all funds relating to the System, and a statement as to the existence of any default under the provisions of the Resolution.

MEAN will notify the Trustee forthwith of any Event of Default or default in the performance of a provision of the Resolution. MEAN will file annually with the Trustee a certificate stating whether, to the best of the signer's knowledge and belief, MEAN has complied with its covenants and obligations in the Resolution and whether there is then existing an Event of Default or other event which would become an Event of Default upon lapse of time.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Resolution will be 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 MEAN. MEAN may charge for such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

PAYMENT OF TAXES AND CHARGES

MEAN will duly pay and discharge all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of MEAN (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which MEAN shall in good faith contest by proper legal proceedings and for which MEAN shall have set aside adequate reserves on its books.

EVENTS OF DEFAULT AND REMEDIES

Events of Default specified in the Resolution include:

- (a) failure to pay principal or redemption price of any Bond when due;
- (b) failure to pay any interest installment on any Bond or the unsatisfied balance of any sinking fund installment thereon when due;
- (c) failure, for 60 days after written notice of a default, in the observance or performance of any other covenants, agreements or conditions; and
- (d) certain events of bankruptcy or insolvency.

So long as such Event of Default shall not have been remedied, either the Trustee or the holders of not less than 25% in principal amount of the Bonds outstanding may declare the principal and accrued interest of all the Bonds then outstanding to be due and payable immediately. Such declaration, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, the Events of Default have

been remedied and all other sums then payable by MEAN under the Resolution have been paid or provided for, then the Trustee, if it shall have acted itself, and if the holders of a majority in principal amount of the Bonds outstanding shall not have directed otherwise, shall *ipso facto* rescind such declaration and annul such default in its entirety; or the holders of a majority in principal amount of the Bonds outstanding may rescind such declaration and annul such default in its entirety; but no such rescission and annulment, in either case, shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Upon the occurrence of any Event of Default which has not been remedied, MEAN, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (a) forthwith, all moneys, securities and funds held by MEAN in any Fund or Account under the Resolution and (b) as received, all Revenues. The Trustee will apply all moneys, securities, funds and Revenues received during the continuance of an Event of Default in the following order: (i) to payment of the reasonable and proper charges, expenses and liabilities of the Trustee, Paying Agents, Bond Registrar or Depositories, (ii) to the payment of Operating Expenses, and (iii) to the payment of interest and principal or the redemption price of Bonds as follows: first to the payment of interest and second to the payment of principal on those Bonds which have become due and payable, in order of their due dates; provided that in determining amounts to be paid, the holder of the Operating Credit Obligation shall only be entitled to funds in the Operating Credit Account and moneys that are derived from Revenues. In addition, the Trustee will have the right to apply, in an appropriate proceeding, for appointment of a receiver of the System.

If any Event of Default has occurred and has not been remedied, the Trustee may, or on request of the holders of not less than 25% in principal amount of Bonds outstanding must, proceed to protect and enforce its rights and the rights of the Bondholders under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Resolution or in aid of the execution of any power granted in the Resolution or any remedy granted under the Act, or for an accounting against MEAN, or in the enforcement of any other legal or equitable right, as the Trustee deems most effectual to enforce any of its rights or to perform any of its duties under the Resolution. The Trustee may, and upon the request of the holders of a majority in principal amount of the Bonds then outstanding and upon being furnished with reasonable security and indemnity must, institute and prosecute proper actions to prevent any impairment of the security under the Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

No Bondholder will have any right to institute any suit, action or proceeding for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless (a) such Bondholder previously has given the Trustee written notice of an Event of Default, (b) the holders of at least 25% in principal amount of the Bonds then outstanding have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such suit, action or proceeding, (c) there have been offered to the Trustee adequate security and indemnity against its costs, expenses and liabilities to be incurred and (d) the Trustee has refused to comply with such request within 60 days. Nothing in the Resolution or the Bonds affects or impairs MEAN's obligations to pay the Bonds and interest thereon when due or the right of any Bondholder to enforce such payment.

The holders of not less than a majority in principal amount of Bonds then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon the Trustee, subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction.

NOTICE OF DEFAULT

Notice of the occurrence of any Event of Default will be given to each registered owner of Bonds by mail.

TRUSTEE; PAYING AGENT

The Resolution requires the appointment by MEAN of a Trustee and one or more Paying Agents (which may include the Trustee). The Trustee may at any time resign on 60 days' written notice to MEAN and may at any time be removed with or without cause by the holders of a majority in principal amount of the Bonds then outstanding. MEAN may remove the Trustee at any time, except during the existence of an Event of Default, with or without cause. Successor Trustees may be appointed by the holders of a majority in principal amount of Bonds then outstanding, and, failing such an appointment, MEAN shall appoint a successor to hold office until the Bondholders act. Any successor Trustee must be a bank, trust company or national banking association having capital stock and surplus aggregating at least \$50,000,000 if there be such an entity willing to accept appointment.

The Trustee, upon receipt and examination of any instrument furnished to it pursuant to any provision of the Resolution, may act upon any such instrument believed by it to be genuine and to have been executed or presented by the proper party or parties. In making such determination, the Trustee may reasonably consult with counsel, who may or may not be counsel to MEAN, and the opinion of such Counsel shall be full and complete authorization in respect to any action taken or suffered by the Trustee under the Resolution in good faith and in accordance therewith. In the event the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matters may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of MEAN, and such certificate shall be full warrant for any action suffered in good faith under the provision of the Resolution and in accordance therewith.

Unless an Event of Default is existing, the duties and obligations of the Trustee shall be determined solely by the express provisions of the Resolution. When an Event of Default is existing, the Trustee must use the same degree of care and skill in the exercise of the rights and powers vested in it by the Resolution as a prudent man would exercise under the circumstances in the conduct of his own affairs.

AMENDMENTS AND SUPPLEMENTAL RESOLUTIONS

A Supplemental Resolution may be adopted, without the consent of the Bondholders, for one or more of the following purposes: (a) to close the Resolution against, or add limitations or restrictions on, the issuance of Bonds or other evidences of indebtedness; (b) to add other covenants, agreements, limitations or restrictions to be observed by MEAN in the Resolution; (c) to authorize Bonds of a Series; (d) to confirm, as further assurance, any pledge or assignment under the Resolution; (e) to modify any of the provisions of the Resolution in any other respect whatever, provided that such modification shall be effective only after all Bonds of each Series Outstanding at the date of adoption of such Supplemental Resolution shall cease to be Outstanding; (f) to authorize Subordinated Indebtedness; (g) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (h) to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to the Resolution as theretofore in effect.

Any of the provisions of the Resolution may be amended by MEAN by a supplemental resolution upon the consent (a) of the holders of not less than a majority in principal amount in each case of all Bonds then outstanding and (b) if less than all of the several Series of outstanding Bonds are affected, of the holders of not less than a majority in principal amount in each case of all Bonds then outstanding and (c) if less than all of the several Series of outstanding Bonds are affected, of the holders of not less than a majority in principal amount of the Bonds of each affected Series, and (d) if the amendment changes the terms of any sinking fund installment, of the holders of not less than a majority in principal amount of the Bonds of the Series and maturity for which the sinking fund installment was established and then outstanding, and (e) if the amendment changes the terms applicable to the Operating Credit Obligation, of the holder of the Operating Credit Obligation; excluding, in each case, from such consent, and from the outstanding Bonds, the Bonds of any specified Series and maturity if such amendment by its terms will not take effect so long as any of such Bonds remain outstanding. Any such amendment may not permit a change in the terms of redemption or maturity or any installment of interest or make any reduction in principal, redemption price or interest without the consent of each affected holder, or reduce the percentages of consents required for a further amendment, or shall change or modify any of the rights or obligations of the Trustee or Paying Agent without its written assent thereto.

DEFEASANCE

The pledge of any Revenues and other moneys and securities under the Resolution and all covenants, agreements and other obligations of MEAN to the Bondholders under the Resolution will cease, terminate and become void and be discharged and satisfied whenever all Bonds and coupons, if any, have been paid in full. Bonds will be deemed to have been so paid whenever the following conditions are met: (a) there have been deposited with the Trustee either moneys in an amount which will be sufficient, or Defeasance Securities the principal of and the interest on which, when due, will provide moneys which, together with any moneys also deposited, will be sufficient, to pay when due the principal, redemption price, if applicable, and interest due or to become due on such Bonds, (b) in the case of Bonds to be redeemed prior to maturity, MEAN has given to the Trustee irrevocable instructions to publish the notice of redemption therefor, and

(c) in the event such Bonds are not subject to redemption within the next succeeding 60 days, MEAN has given the Trustee irrevocable instructions to publish, as soon as practicable, a notice to the holders of such Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the Principal Installment or redemption price, if applicable, of such Bonds.

UNCLAIMED FUNDS

Moneys held by the Trustee or any Paying Agent for the payment of any of the Bonds or coupons, if any, which remain unclaimed for five years after the date when such Bonds have become due and payable (either at their stated maturity dates or by call for earlier redemption) shall, at the written request of MEAN, be repaid by the Trustee or any Paying Agent to MEAN. In such case the Trustee or any Paying Agent shall be released and discharged with respect to such moneys and the holders of the Bonds shall look only to MEAN for the payment of such Bonds and coupons, if any; provided that the Trustee or Paying Agent shall have complied with the requirements for publication of a notice of unclaimed funds set forth in the Resolution prior to making any payment to MEAN.

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING**, dated March 27, 2013 (the “**Disclosure Undertaking**”), is executed and delivered by the **MUNICIPAL ENERGY AGENCY OF NEBRASKA** (the “**Issuer**”).

RECITALS

1. This Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of (a) **\$32,430,000 Power Supply System Revenue and Refunding Bonds, 2013 Series A** (the “**Series A Bonds**”) and (b) **\$6,795,000 Power Supply System Revenue Bonds, 2013 Series B (Federally Taxable)** (the “**Series B Bonds**”) and, together with the Series A Bonds, the “**Bonds**”), pursuant to a Resolution adopted by the governing body of the Issuer (the “**Resolution**”).

2. The Issuer is entering into this Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “**Rule**”). The Issuer is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report filed by the Issuer pursuant to, and as described in, **Section 2** of this Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday, or legal holiday, (b) a day on which banks located in the city in which the designated payment office of the paying agent for the Bonds is located is required or authorized by law to remain closed, or a day on which the Securities Depository or the New York Stock Exchange is closed.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Fiscal Year**” means the 12-month period beginning on **April 1** and ending on **March 31** or any other 12-month period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

“**Material Events**” means any of the events listed in **Section 3** of this Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 2. Provision of Annual Reports.

(a) The Issuer shall not later than **180** days after the end of the Issuer’s Fiscal Year, commencing with the year ending March 31, 2012, filed with the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):

(1) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the fiscal year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “**obligated person**” (as defined by the Rule), which have been filed with the MSRB and is available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

(b) In addition to the foregoing requirements of this Section, the Issuer agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been filed with the MSRB.

Section 3. Reporting of Material Events. No later than 10 business days after the occurrence of any of the following events, the Issuer shall, with respect to each series of Bonds, give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the applicable series of Bonds (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate with respect to each series of Bonds upon the legal defeasance, prior redemption or payment in full of all of such series of Bonds. If the Issuer's obligations under this Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the applicable series of Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including, without limitation, the Annual Report) prepared by the Issuer pursuant to this Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Disclosure Undertaking.

If a provision of this Disclosure Undertaking is amended or waived, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the

reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Undertaking with respect to such series of Bonds. A default under this Disclosure Undertaking shall not be deemed an event of default under the Resolution or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and Beneficial Owners from time to time of a series of Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Disclosure Undertaking, the Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Nebraska.

EXHIBIT A TO FORM OF CONTINUING DISCLOSURE UNDERTAKING

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the following described tables contained in the final Official Statement relating to the Bonds:

1. THE MUNICIPAL ENERGY AGENCY OF NEBRASKA – POWER SUPPLY RESOURCES AND SYSTEM – ENERGY SUPPLY FOR FISCAL YEAR
2. The table under THE MUNICIPAL ENERGY AGENCY OF NEBRASKA – POWER SUPPLY RESOURCES AND SYSTEM summarizing the power supply resources of MEAN, with the following columns: “RESOURCE,” “CAPACITY AVAILABLE TO MEAN” and “PRIMARY ENERGY SOURCE.”
3. FINANCIAL AND OPERATING INFORMATION – OPERATING RESULTS AND DEBT SERVICE COVERAGE

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE CLOSING DATE]

Re: Municipal Energy Agency of Nebraska
Power Supply System Revenue and Refunding Bonds, 2013 Series A
and
Power Supply System Revenue Bonds, 2013 Series B (Federally Taxable)

The Municipal Energy Agency of Nebraska, a body corporate and politic of the State of Nebraska (“MEAN”), has on this date issued its Power Supply System Revenue and Refunding Bonds, 2013 Series A, in the aggregate principal amount of \$32,430,000 (the “2013 Series A Bonds”) and its Power Supply System Revenue Bonds, 2013 Series B (Federally Taxable), in the aggregate principal amount of \$6,795,000 (the “2013 Series B Bonds” and, together with the 2013 Series A Bond, the “2013 Series Bonds”), each dated as of their date of original issuance, bearing interest and maturing on April 1 in each of the years, as set forth below:

2013 SERIES A BONDS

YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT MATURING	RATE OF INTEREST	YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT MATURING	RATE OF INTEREST
2015	\$ 1,190,000	3.00%	2023	\$ 1,125,000	5.00%
2016	1,225,000	3.00	2024	1,185,000	5.00
2017	1,260,000	4.00	2025	1,245,000	5.00
2018	1,310,000	5.00	2036	10,910,000	5.00
2019	1,375,000	5.00	2036	7,305,000	3.75
2022	300,000	4.00	2036	4,000,000	4.00

2013 SERIES B BONDS

YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT MATURING	RATE OF INTEREST	YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT MATURING	RATE OF INTEREST
2016	\$ 960,000	1.270%	2020	\$ 1,025,000	2.739%
2017	975,000	1.470	2021	1,055,000	3.069
2018	985,000	1.670	2022	790,000	3.319
2019	1,005,000	2.389			

The 2013 Series Bonds are authorized to be issued pursuant to the 2003 Power Supply System Revenue Bond Resolution adopted by the Board of Directors of MEAN (the “*Board*”) on August 21, 2003, as supplemented by a Fourth Supplemental Resolution adopted by the Board on November 17, 2011 and a Fifth Supplemental Resolution adopted by the Board on January 10, 2013 (collectively, the “*Resolution*”). Reference is made to the Resolution for a description of the covenants and undertakings of MEAN in connection with the 2013 Series Bonds and the pledge and assignment to Wells Fargo Bank, National Association, as trustee (the “*Trustee*”), of the revenues, moneys, securities and funds held or set aside under the Resolution for the payment of the principal and redemption price of and interest on the 2013 Series Bonds. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Resolution.

The 2013 Series Bonds are issued under the authority of the Municipal Cooperative Financing Act, Sections 18-2401 through 18-2485, Reissue Revised Statutes of Nebraska, as amended (the “*Act*”), for the purpose of (i) refunding all of MEAN’s outstanding Power Supply System Revenue Bonds, 2003 Series A (the “*Refunded Bonds*”), (ii) paying certain costs of MEAN’s Power Supply System, including a portion of the Cost of Acquisition and Construction (as defined in the Resolution) of improvements and additions to MEAN’S Power Supply System, (iii) making a deposit into the Debt Service Reserve Account and (iv) paying costs of issuing the 2013 Series Bonds.

The 2013 Series Bonds and any other obligations issued under the Resolution on a parity therewith (collectively, the “*Bonds*”) are payable solely from and secured solely by the (i) the Revenues, (ii) all right, title and interest of MEAN under the Power Supply Contracts and (iii) moneys, securities and funds assigned and pledged under the Resolution to the payment of the principal and redemption price of, and interest on, the Bonds when due. No interest in any property or interest, except the pledge and assignment of the Revenues, the Power Supply Contracts, and moneys, securities and funds provided for in the Resolution, has been pledged or assigned to the Trustee as security for the 2013 Series Bonds.

In connection with the issuance of the 2013 Series Bonds, we have examined: (i) the Act and such other provisions of law as we deem relevant; (ii) certified copies of the proceedings of record of the Board of Directors of MEAN, preliminary to and in connection with the issuance of the 2013 Series Bonds, approving, among other things, the Resolution; (iii) a certified copy of the Resolution and the form each of the 2013 Series Bonds set forth therein; and (iv) such other materials, showings and documents as we deem necessary for the purpose of this opinion. Based upon the foregoing, we are of the opinion that:

1. MEAN is duly created and validly existing under the Act and has lawful power, right and authority under Nebraska law to adopt the Resolution and to issue the 2013 Series Bonds.
2. The proceedings of the Board of Directors of MEAN referred to above show lawful authority for the issuance of the 2013 Series Bonds and for the adoption of the Resolution.

3. The Resolution has been duly authorized and adopted by MEAN and constitutes the legal, valid and binding obligation of MEAN, enforceable in accordance with its terms, and no other authorization for the Resolution is required.

4. The Resolution creates the valid pledge which it purports to create of the Revenues, the Power Supply Contracts, and the moneys, securities and funds held or set aside under the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

5. The 2013 Series Bonds are valid and binding special obligations of MEAN, enforceable in accordance with their terms and the terms of the Resolution, and the 2013 Series Bonds are entitled to the benefits of the Resolution and the Act. The 2013 Series Bonds have been duly and validly authorized and issued by MEAN in accordance with the Act and the Resolution. Neither the faith and credit nor the taxing power of the State of Nebraska or any political subdivision thereof or of any member of MEAN or any Power Purchaser is pledged to the payment of the principal or redemption price of, or interest on, the 2013 Series Bonds.

6. The Refunded Bonds are deemed to have been paid within the meaning and with the effect expressed in the Resolution and are therefore not Outstanding for purposes of the Resolution and are not entitled to any lien, benefit or security thereunder (other than with respect to the amounts held solely for the payment thereof).

7. It is our opinion that, subject to the MEAN's compliance with certain covenants, under present law, interest on the 2013 Series A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the 2013 Series A Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2013 Series A Bonds. Ownership of the 2013 Series A Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2013 Series A Bonds.

8. We are also of the opinion that, under the laws of the State of Nebraska, as presently enacted and construed, interest on the 2013 Series A Bonds is exempt from the income taxes imposed by the State of Nebraska pursuant to Section 77-2701 *et seq.* of the Nebraska Revised Statutes (the Nebraska Revenue Act of 1967). No opinion is expressed regarding taxation of interest on the 2013 Series A Bonds under any other provision of Nebraska law. Interest on the 2013 Series A Bonds may affect the maximum franchise tax that may be imposed on financial institutions. In addition, ownership of the 2013 Series A Bonds may result in other state and local tax consequences to certain taxpayers,

and we express no opinion regarding any such collateral tax consequences arising with respect to the 2013 Series A Bonds.

9. It is further our opinion that under present law, interest on the 2013 Series B Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2013 Series B Bonds may result in other federal income tax consequences to certain taxpayers. No opinion is expressed regarding taxation of interest on the 2013 Series B Bonds under any provision of Nebraska law. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the 2013 Series B Bonds.

We further certify that we have examined the form of bond for the issue and find the same to be in due form of law.

Enforceability of the 2013 Series Bonds and the Resolution may be limited (i) by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought and (ii) by the exercise in the future by the State of Nebraska and its governmental bodies of the police power inherent in the sovereignty of the State of Nebraska and by the exercise by the United States of America of the power delegated to it by the federal constitution.

We express no opinion herein as to the accuracy or completeness of any information furnished to any person in connection with any offer or sale of the 2013 Series Bonds.

In rendering this opinion, we have relied upon certifications of MEAN with respect to certain material facts within the knowledge of MEAN. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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